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1 PROCEEDINGS

2 (Whereupon Covad Exhibit 1.0
3 was marked for
4 identification.)

5 EXAMINER WOODS: We'll go on the record.

6 I call for hearing Dockets 00 -0312 and
7 0313, Consolidated. These are both petitions for
8 arbitration pursuant to Section 252 of the Federal
9 Telecommunications Act.

10 This cause comes on for hearing June 29th
11 before Donald L. Woods, a duly appointed Hearing
12 Examiner, under the authority of the Illinois
13 Commerce Commission. The cause was set today for the
14 taking of evidence and testimony and the
15 cross-examination of witnesses, if any.

16 At this time I'd take the appearances of
17 the parties, please, beginning with the Applicants.

18 MS. FRANCO-FEINBERG: Felicia Franco-Feinberg,
19 on behalf of Covad Communications Company, 8700 West
20 Bryn Mawr, Suite 800 South, Chicago, Illinois 60631.

21 MR. DEANHARDT: Your Honor, Clay Deanhardt, for
22 Covad Communications Company, 5250 Burton Drive,

1 Santa Clara, California 95054.

2 EXAMINER WOODS: Did you file an appearance
3 slip?

4 MR. DEANHARDT: Yes, Your Honor.

5 EXAMINER WOODS: And are you licensed to
6 practice in Illinois?

7 MR. DEANHARDT: No, Your Honor, I'm not.

8 EXAMINER WOODS: Any objection to Mr. Deanhardt
9 appearing pro hac vice?

10 MR. REED: Staff has no objection.

11 MR. BINNIG: No objection, Your Honor.

12 EXAMINER WOODS: Permission is granted.

13 MS. HIGHTMAN: Carrie J. Hightman, Schiff,
14 Hardin & Waite, 6600 Sears Tower, Chicago, Illinois
15 60606, appearing on behalf of Covad Communications
16 Company and Rhythms Links, Inc..

17 MR. BOWEN: Stephen P. Bowen, Blumenfeld &
18 Cohen, 4 Embarcadero Center, Suite 1170, San
19 Francisco, California, 94111, appearing for Rhythms
20 Links, Inc..

21 EXAMINER WOODS: On behalf of the Respondents.

22 MR. BINNIG: Christian F. Binnig and Kara K.

1 Gibney of the law firm of Mayer, Brown & Platt, 190
2 South La Salle Street, Chicago, Illinois 60603,
3 appearing on behalf of Ameritech Illinois.

4 MR. ASHBY: Danny Ashby and Van Van Bebbber from
5 Hughes & Luce, appearing for Ameritech, 1717 Main
6 Street, Suite 2800, Dallas, Texas 75201.

7 EXAMINER WOODS: On behalf of Staff.

8 MR. REED: Darryl Reed, Office of General
9 Counsel, 160 North La Salle, Suite C-800, Chicago,
10 60601, on behalf of the Staff of the Illinois
11 Commerce Commission.

12 EXAMINER WOODS: Any additional appearances?
13 Let the record reflect no response.

14 I also understood at the end of yesterday's
15 hearing that the parties have agreed on an order of
16 presentation of witnesses. Is that correct?

17 MS. FRANCO-FEINBERG: Yes, that's correct.

18 EXAMINER WOODS: And Covad will be going first?

19 MS. FRANCO-FEINBERG: Yes.

20 EXAMINER WOODS: Okay. You may call your first
21 witness.

22 MS. FRANCO-FEINBERG: We'd like to call Melia

1 Carter. I don't believe that Ms. Carter has been
2 sworn in.

3 EXAMINER WOODS: Ms. Carter. I do understand
4 that we have some witnesses who weren't here
5 yesterday. Would any witness who intends to give
6 testimony today that was not previously sworn please
7 stand and raise your right hand.

8 (Whereupon five witnesses
9 were sworn by Examiner
10 Woods.)

11 EXAMINER WOODS: Thank you. Be seated.

12 Ms. Carter.

13 MELIA CARTER
14 called as a witness on behalf of Covad Communications
15 Company, having been first duly sworn, was examined
16 and testified as follows:

17 DIRECT EXAMINATION

18 BY MS. FRANCO-FEINBERG:

19 Q. Good morning.

20 THE WITNESS:

21 A. Good morning.

22 Q. Would you please state your name and

1 business address for the record?

2 A. My name is Melia Carter. My business
3 address is 8700 West Bryn Mawr, Suite 800 South,
4 Chicago, Illinois 60631.

5 Q. By whom are you employed and in what
6 capacity, Ms. Carter?

7 A. I'm employed by Covad Communications, and
8 I'm Director of ILEC Relations.

9 Q. And do you have a copy of Covad Exhibit
10 1.0 that is marked Verified Statement of Melia
11 Carter?

12 A. Yes.

13 Q. And does that verified statement include
14 questions 1 through 4 providing for your biographical
15 information?

16 A. Yes.

17 Q. Do you have any changes or additions to
18 make to your verified statement that's been marked
19 Covad Exhibit 1?

20 A. Yes, I do.

21 Q. Okay. Can you tell us what those changes
22 are?

1 A. Specifically, as you may have already
2 noted, the first four questions in Mr. Moya's
3 testimony will be replaced by the first four
4 questions in my testimony stating my background.

5 In addition, on page 11, line 5, actually
6 it starts the last sentence -- the last word on line
7 4 and continues on line 5, the sentence should read,
8 "Given those circumstances, it is fairly remarkable
9 that SBC was not willing to meet Covad's minimal
10 needs and get an agreement done by the FCC's
11 deadline."

12 Q. Do you have any other additions?

13 A. Yes. On page 12, question 20, we have a
14 change to lines 18 and 19.

15 Q. Okay.

16 A. Essentially that should read, "In contrast
17 to Ameritech, Bell Atlantic has committed to have
18 approximately 80 percent of its central offices in
19 New York available for line sharing by June 7th, 100
20 percent of its central offices in New York available
21 for line sharing by June 13th, and 100 percent of its
22 central offices available for line sharing in the

1 Bell Atlantic territory where Covad is collocated by
2 July 6th."

3 MS. HIGHTMAN: I think you should read that
4 again.

5 MR. REED: I'm sorry. I didn't follow that.

6 Q. Could you repeat that, please?

7 A. The sentence should read, "In contrast to
8 Ameritech, Bell Atlantic has committed to have
9 approximately 80 percent of its central offices in
10 New York available for line sharing by June 7th, 100
11 percent of its central offices in New York available
12 for line sharing by June 13th, and 100 percent of its
13 central offices available for line sharing in the
14 Bell Atlantic territory where Covad is collocated by
15 July 6th."

16 The final change is on page 20. It's
17 actually an error in numbering. Question 30, which
18 is the question and the answer, is actually the
19 continuation of the answer on question 29, so we
20 would omit 30 and start again with question 31, but
21 that should be all one answer.

22 Q. Ms. Carter, you mean that the text remains

1 as an answer to question 29. Is that correct?

2 A. Yes.

3 Q. Do you have any further changes?

4 A. No.

5 Q. Okay.

6 EXAMINER WOODS: Were those changes made on the
7 copies given to the Court Reporter?

8 MS. FRANCO-FEINBERG: We will provide that.

9 Q. Ms. Carter, if I asked you the questions
10 contained in Covad Exhibit 1.0 here today, would your
11 answers be the same?

12 A. Yes.

13 MS. FRANCO-FEINBERG: Covad moves for the
14 admission of Covad Exhibit 1.0, Your Honor.

15 EXAMINER WOODS: Objections?

16 MR. ASHBY: No objection. I'd just like the
17 record to reflect that 1.0 is the four pages of
18 Ms. Carter's testimony plus Mr. Moya's testimony.
19 Correct?

20 MS. FRANCO-FEINBERG: That's correct.

21 EXAMINER WOODS: So noted.

22 MR. BINNIG: No objection.

1 MR. REED: No objection, subject to cross.

2 EXAMINER WOODS: The document is admitted
3 without objection.

4 (Whereupon Covad Exhibit 1.0
5 was received into evidence.)

6 The witness is available -- is there
7 another document?

8 MR. REED: No. That's it, Mr. Examiner. Covad
9 tenders Ms. Carter for cross-examination.

10 EXAMINER WOODS: The witness is available for
11 cross.

12 CROSS EXAMINATION

13 BY MR. ASHBY:

14 Q. Good morning, Ms. Carter.

15 A. Hi .

16 Q. Do you have Mr. Moya's testimony in front
17 of you?

18 A. Yes, I do.

19 Q. Could you turn with me to page 5, please?

20 And at the top of the page there's a question. You
21 ask a question whether Ameritech is obligated to
22 provide Covad the same terms and conditions that it

1 provides AADS for line sharing. Is that correct?

2 A. Correct.

3 Q. Would you agree with me that Ameritech is,
4 in fact, obligated to provide those same terms and
5 conditions to Covad that it provides to AADS pursuant
6 to the Line Sharing Order?

7 A. Correct.

8 Q. And are you aware of anything in the Line
9 Sharing Order that says that the access that is
10 provided to Covad must be better than the access that
11 Ameritech provides to its affiliates?

12 A. No.

13 Q. Now in line 3 though you say it is a red
14 herring for Ameritech to argue that it's obligated to
15 provide Covad the same service that it provides to
16 its affiliates. Is that correct?

17 A. That's correct.

18 Q. And one of the reasons you say that, if I
19 understand your testimony, is that because you say
20 it's never been established that AADS negotiates its
21 agreements at arm's-length with Ameritech. Is that
22 right?

1 A. Yes.

2 Q. It's true though, is it not, that there's
3 nothing in your testimony that establishes that AADS
4 does not negotiate its agreements at arm's-length
5 with Ameritech?

6 A. Well, I have reviewed the AADS agreement,
7 and it appears to me that the agreement is actually
8 the model agreement that Ameritech had at the time of
9 AADS negotiating the agreement.

10 Q. Okay. Let me ask my question again. It's
11 true, is it not, that there's nothing in your
12 testimony, Mr. Moya's filed written testimony, that
13 establishes that AADS does not negotiate its
14 agreements at arm's-length with Ameritech? Correct?

15 A. Other than my review of the contract,
16 that's correct.

17 MS. FRANCO-FEINBERG: Your Honor, if I can
18 interrupt, can we please refer to the verified
19 statement as Ms. Carter's statement since she's
20 adopted it, rather than continue to refer to it as
21 Mr. Moya's?

22 MR. ASHBY: I'm happy to do that, as long as it

1 is clear that that's what we're doing.

2 MS. FRANCO-FEINBERG: Sure.

3 EXAMINER WOODS: I think it's clear.

4 Q. Ms. Carter, you don't identify in your
5 testimony any agreement between AADS and Ameritech
6 that you claim was not negotiated at arm's-length, do
7 you?

8 A. I'm sorry. Can you repeat that?

9 Q. Do you identify any agreement between AADS
10 and Ameritech in your testimony that you claim was
11 not negotiated at arm's-length?

12 A. No, but the AADS agreement is a public
13 document.

14 Q. It's true, is it not, Ms. Carter, that
15 Covad is asking for services from Ameritech that are
16 greater than the services that are provided to AADS?

17 A. I think the point is that we have a
18 technology that is easier to provision, and instead
19 of -- it's faster. There's no loop involved to
20 provision line sharing. There's no second loop, and
21 essentially what we want to do is take that advantage
22 and give it to the Illinois consumers as a benefit

1 instead of giving it to Ameritech as a benefit.

2 Q. Okay. Well, let me ask you, my question
3 was, is it true that you're asking -- Covad is asking
4 in this arbitration for services that are greater
5 than the services that are provided to AADS pursuant
6 to its agreement?

7 A. I don't think so because AADS could avail
8 itself of any services that Covad receives by opting
9 into our agreement.

10 Q. You would agree with me, would you not,
11 that there is a price provided for the provisioning
12 of the high frequency portion of the loop in the AADS
13 agreement, wouldn't you?

14 A. Again, I believe that the AADS agreement
15 was the model agreement.

16 Q. And that price is greater than zero, is it
17 not?

18 A. Yes, but there's an order that the FCC
19 established in its Line Sharing Order that the RBOCs
20 should not provide a rate to a CLEC or make up a rate
21 to a CLEC that it did not provide to itself when it
22 filed those tariffs.

1 Q. But the answer is that that price is
2 greater than zero in the AADS agreement, correct?

3 A. I don't recall exactly what the price was.

4 Q. Well, Covad is proposing to pay nothing
5 for the high frequency portion of the loop.
6 Correct? You're proposing a zero rate.

7 A. We're saying that there's no incremental
8 cost associated with the high frequency portion of
9 the loop.

10 Q. And so, as a result, you are proposing a
11 zero rate. Correct?

12 A. Correct. If there's no incremental cost,
13 there should be no charge associated with it.

14 Q. Ms. Carter, look at page 6 of your
15 testimony, if you would.

16 A. Okay.

17 Q. And specifically lines 12 through 14.

18 A. Correct.

19 Q. I want to read this. You tell me if I've
20 read it correctly. "Bell Atlantic, US West, SBC,
21 BellSouth and GTE have all been line sharing with
22 themselves ever since they began to deploy DSL." Did

1 I read that correctly?

2 A. Yes.

3 Q. Now just to be clear here, you're not
4 saying by this sentence that the ILECs are sharing
5 their lines with other ILECs, are you?

6 A. What I'm saying in this sentence is prior
7 to the Line Sharing Order, those ILECs had filed
8 tariffs with the FCC stating that there was no
9 incremental cost allocated to the data -- the high
10 frequency portion of the loop.

11 Q. Well, I'm not sure I understand your
12 answer. My question is, the sentence -- my question
13 is, are you saying by this sentence that, for
14 example, Bell Atlantic is line sharing with SBC?

15 A. No. What I'm saying is prior to SBC
16 having an affiliate, SBC was doing line sharing on
17 its retail -- for its retail customers.

18 Q. So you're saying --

19 A. So it was doing it with itself.

20 Q. I didn't mean to talk over you.

21 A. That's okay.

22 Q. You're saying that each of these ILECs

1 were each using both the voice and the high frequency
2 portion of the loop for themselves.

3 A. Correct.

4 Q. Okay. So Bell Atlantic, for example, may
5 have a line, a loop that they divide with a splitter
6 into a voice portion and a high frequency portion for
7 data, and that's the line sharing that you're
8 referring to. Correct?

9 A. Yes.

10 Q. All right.

11 Now isn't it true that any CLEC who owns or
12 leases a loop can also line share with itself?

13 A. Well, I guess it would be very difficult
14 if we didn't have the voice portion of the loop.

15 Q. Well, that wasn't my question. My
16 question was any CLEC who owns a loop, the entire
17 loop, or leases the entire loop, can line share with
18 itself. Correct?

19 A. If that's your business plan, but you
20 can't expect all CLECs to have that business plan
21 like SBC does.

22 Q. Thank you.

1 And to also be clear for the record,
2 Ameritech has never offered DSL service, has it?

3 A. I believe its affiliate is offering DSL
4 service, AADS.

5 Q. Well, my question is, has Ameritech ever
6 offered DSL service to your knowledge?

7 A. To my knowledge, no, but SBC has, and SBC
8 owns Ameritech.

9 Q. And is it true that Ameritech Illinois has
10 never line shared with itself?

11 A. In particular to Ameritech Illinois,
12 that's true, but, again, SBC has in the SWBT states,
13 and SBC owns Ameritech, so the point is SBC can't
14 invoke a new rule just because now CLECs enter the
15 market.

16 EXAMINER WOODS: That's S-W-I-B-T?

17 THE WITNESS: S-W-B-T, Southwestern Bell
18 Telephone Company.

19 EXAMINER WOODS: Thank you.

20 THE WITNESS: Or -- yes, Southwestern Bell
21 Telephone.

22 Q. Ms. Carter, you would agree with me, would

1 you not, that under Section 251 of the Federal
2 Telecom Act it is the ILEC that is the party to this
3 arbitration, Ameritech Illinois?

4 MS. FRANCO-FEINBERG: I'm sorry. I didn't hear
5 your question. Could you repeat that?

6 Q. Would you agree with me that under Section
7 251 of the Telecom Act -- 252 of the Telecom Act that
8 the party to the arbitration is the ILEC? Correct?

9 A. Correct.

10 Q. And the ILEC here is Ameritech Illinois.
11 Correct?

12 A. Correct.

13 Q. And Ameritech Illinois, the ILEC, has
14 never line shared with itself.

15 A. To my knowledge, that's true.

16 Q. Looking at page 12 of your testimony, line
17 17, you say that Ameritech has the "worst deployment
18 schedule of the ILECs" in terms of -- what do you
19 mean by that when you say the worst deployment
20 schedule?

21 A. As far as providing ILEC-owned splitters
22 in the central office by the June 6th deadline.

1 Q. And you say that Ameritech has committed
2 to have 18 percent of its central offices ready for
3 line sharing by June 6th. Is that correct?

4 A. Correct.

5 Q. But what you're really referring to is
6 Ameritech's commitment to install ILEC-owned
7 splitters in those central offices. Correct?

8 A. I believe that's what I said.

9 Q. Well, your testimony says that Ameritech
10 is only committed to have 18 percent of its central
11 offices ready for line sharing by June 6th, and you
12 just agreed with me on that.

13 A. Yes, but, again, the intent is that under
14 law -- my impression is that the Line Sharing Order
15 required the ILECs to provide line sharing
16 across-the-board, whichever splitter technology the
17 ILEC chooses -- or the CLEC chooses to use.

18 Q. Well, you're not a lawyer, are you,
19 Ms. Carter?

20 A. No, I'm not.

21 Q. Are you interpreting the Line Sharing
22 Order to say that an ILEC has to provide both

1 ILEC-owned splitters and allow CLECs to own their
2 splitters?

3 A. What I'm referring to is my reading of the
4 Line Sharing Order, specifically Rule 51, 319(h)(4),
5 that talks about control of the loop and splitter
6 functionality. The language there states the ILEC
7 may -- in situations where a requesting carrier is
8 obtaining access to the high frequency portion of the
9 loop, the incumbent ILEC may maintain control over
10 the loop and splitter equipment and functions and
11 shall provide to requesting carrier's loop and
12 splitter functionality that is compatible with any
13 transmission technology that the requesting carrier
14 seeks to deploy using the high frequency portion of
15 the loop.

16 Q. Well, you'd agree with me, wouldn't you,
17 that those rules that you just referred to says an
18 incumbent LEC may maintain control over the loop and
19 splitter equipment functions, correct?

20 A. It says may maintain control, meaning
21 control of the splitter for maintenance purposes, and
22 then it goes on to say shall provide, meaning it

1 shall provide splitter functionality. Essentially
2 you can't provide splitter functionality without a
3 splitter.

4 Q. Well, but wouldn't you agree with me that
5 the shall provide only occurs if the ILEC, in fact,
6 maintains control over the loop and splitter
7 equipment functions?

8 A. No.

9 Q. Okay.

10 Ms. Carter, has Covad purchased, in fact
11 purchased some of its own splitters?

12 A. My understanding is that we have, but I
13 don't know the details.

14 Q. Let me ask you this. Going back to the
15 Line Sharing Order, are you aware -- nowhere in the
16 Line Sharing Order does the FCC define splitters as a
17 UNE, does it?

18 A. I think that calls for a legal
19 conclusion.

20 Q. Well, are you aware that the Line Sharing
21 Order defines splitters as a UNE? Is that your
22 understanding?

1 A. Well, again, I think that calls for a
2 legal conclusion to determine what is determined to
3 be a UNE.

4 Q. Well, I'm not asking you for a legal
5 conclusion. I'm just asking you, do you have an
6 understanding, based on your review of the Line
7 Sharing Order, or from any other source, that a
8 splitter is a UNE?

9 A. I don't think I can make that conclusion.

10 Q. Referring back to the deployment schedule,
11 when you say that Ameritech had only agreed to have
12 18 percent of its central offices ready for line
13 sharing by June 6th, to be clear about this, what you
14 meant is that they would only have splitters,
15 ILEC-owned splitters, available in those offices.
16 Correct?

17 A. Correct.

18 Q. And it's true, is it not, that if Covad
19 purchased its own splitters, it could today gain
20 access to any high frequency portion of the loop in
21 any central office owned by Ameritech Illinois?
22 Correct?

1 A. Well, to my knowledge, I don't think it
2 would happen today. My knowledge is that even though
3 Ameritech has stated that CLECs could get into
4 business using its own splitters by June 6th, that,
5 in fact, did not happen because my understanding is
6 that CLECs that even had issues with -- or that even
7 were going in to purchase their own splitters
8 couldn't get into business because there is issues
9 with the collo augments.

10 Q. Okay. Well, there are issues in terms of
11 the time period for augmentation of collocation.
12 Correct?

13 A. Again, I believe that's more of a
14 technical question about what the appropriate time
15 periods for collocation would be.

16 Q. But you're not aware of a restriction, any
17 restriction imposed by Ameritech Illinois, that would
18 prevent you from requesting access to the high
19 frequency portion of the loop in any central office
20 in Illinois if you have your own splitter, are you?

21 A. Well, again, I think that's subject to
22 interpretation on the timing issue.

1 Q. And in terms of the deployment schedule,
2 looking back at your testimony at line 18, I believe
3 you made a change to this, and you said Bell Atlantic
4 has committed to have approximately 80 percent of its
5 central offices in New York available for line
6 sharing. Correct?

7 A. Correct.

8 Q. Okay. Now the 18 percent deployment
9 schedule that you're referring to for Ameritech has
10 to do with its deployment of ILEC-owned splitters.
11 Right?

12 A. Correct.

13 Q. But the 80 percent commitment that you're
14 referring to for Bell Atlantic has nothing to do with
15 splitters, does it?

16 A. The 80 percent has to do with the
17 deployment schedule agreed to between Covad and Bell
18 Atlantic.

19 Q. In fact, Bell Atlantic doesn't provide any
20 ILEC-owned splitters in its territories, does it?

21 A. I can't say specifically what the answer
22 to that is.

1 Q. You don't know one way or the other?

2 A. I think that would probably be a better
3 question for somebody that is working in that
4 territory.

5 Q. Well, and I understand that, but I just
6 want to make sure that we're clear that you don't
7 know the answer to that question. Is that correct?

8 A. What I'm saying is I don't know if Bell
9 Atlantic provides splitters -- ILEC-owned splitters
10 or not.

11 Q. Let's talk about splitter access for a
12 minute. If I understand Covad's position, they want
13 Ameritech Illinois to provide access to Ameritech
14 Illinois-owned splitters both on a line-at-a-time and
15 a shelf-at-a-time basis. Is that right?

16 A. I believe that's one of the options that
17 we would like to have.

18 Q. All right. Look at page 16 of your
19 testimony, if you would, and I'm looking at lines 11
20 through 16, and if I understand your position, it is
21 that you want both line-at-a-time and shelf-at-a-time
22 splitter access because of concerns about capacity.

1 Correct?

2 A. Yes. I believe that comes down, again, to
3 options, and that may vary on a CO-by-CO capacity.

4 Q. And your specific concern about capacity
5 is that Ameritech might run out of splitter ports
6 because of an unexpected surge in ordering. Right?

7 A. In a particular CO. Again, I think that's
8 on a CO-by-CO basis, which is precisely why we need
9 options, to be able to determine what the best entry
10 is for us and the best -- and the most efficient
11 architecture.

12 Q. Well, look at line 11 of your testimony on
13 page 16. You say, do you not, that Ameritech -- you
14 pose the possibility that Ameritech could run out of
15 splitter ports because of an unexpected surge in
16 ordering. Right?

17 A. Correct.

18 Q. And you said that might happen if they
19 provide splitter access a line at a time, correct?
20 That's one of your concerns with why you want
21 shelf-at-a-time access.

22 A. That's one of our reasons why we want an

1 option.

2 Q. Well, isn't it true that if we were to
3 provide shelf at a time, you would get 96 ports?

4 A. Correct.

5 Q. And isn't it also true that if there were
6 likely to be a shortage of the splitter ports because
7 we were providing it a line at a time, there would be
8 a greater likelihood of shortage if we provided it a
9 shelf at a time where we provide you with 96 ports,
10 leaving other CLECs without access to ILEC-owned
11 splitters?

12 A. I think that would be an extraordinary
13 circumstance, which if that did come up, our business
14 people could work out. I don't think that would
15 occur across-the-board.

16 Q. Ms. Carter, are you aware of any ILEC that
17 has offered to provide ILEC-owned splitters both on a
18 shelf-at-a-time and a line-at-a-time basis?

19 A. Yes.

20 Q. Who?

21 A. BellSouth.

22 Q. And what specifically is your

1 understanding of what they've agreed to do?

2 A. I think that question is better proposed
3 by Mike Zulevic.

4 Q. So you know they've agreed to do it, but
5 you don't know specifically what they've agreed to
6 do.

7 A. I know that we can reserve 96 ports.

8 Q. And you can reserve 24 too, can't you?

9 A. That's correct.

10 Q. But you cannot reserve a line at a time,
11 can you?

12 A. Again, I don't have the details on
13 BellSouth. I didn't negotiate that agreement.

14 Q. If you don't know the answer to that
15 question, then how can you say that they've agreed to
16 provide it a line at a time and shelf at a time?

17 MS. FRANCO-FEINBERG: I think Ms. Carter
18 answered the question about her knowledge.

19 MR. ASHBY: I think I'm entitled to explore why
20 she --

21 EXAMINER WOODS: Agreed.

22 A. Again, my understanding is that we can buy

1 ports from BellSouth and that we can also reserve a
2 whole shelf. So from that knowledge I would say,
3 yes, they are providing both port at a time and shelf
4 at a time.

5 Q. So you have specific knowledge that you
6 can buy from BellSouth one port.

7 A. I didn't say one.

8 Q. Well, I --

9 MS. FRANCO-FEINBERG: I believe that question
10 has been asked and answered, Your Honor.

11 EXAMINER WOODS: I don't think so.

12 Q. You didn't say one. Is it your
13 understanding that line at a time means more than one
14 line?

15 A. I think you can reserve -- again, we can
16 reserve 24 ports at a line at a time. It's
17 provisioned at a line at a time.

18 Q. Well, if you reserve 24 ports or 96 ports,
19 you've essentially purchased a shelf, haven't you?

20 A. I believe if we reserved 96 ports, we
21 purchased a shelf.

22 Q. So its your position that the purchase of

1 24 ports, rack or frame-mounted, is not the purchase
2 of a shelf.

3 A. Again, I think that calls for more of a
4 technical knowledge that Mike Zulevic would have.

5 Q. Well, let me ask you this, Ms. Carter. If
6 Covad chose to own its own splitters, it's true, is
7 it not, that they could provision it a shelf at a
8 time?

9 A. That's true, but that may not be the best
10 way to do it in a particular CO.

11 Q. But you would at least agree with me that
12 you could provision it 24 or 96 ports at a time if
13 you owned the splitter.

14 A. Are you referring to BellSouth or are you
15 referring to another RBOC?

16 Q. I'm referring to if Covad purchased its
17 own splitters, it could provision them a shelf at a
18 time, correct?

19 A. Again, I think that calls for more of a
20 technical witness.

21 MR. ASHBY: Your Honor, may I approach the
22 witness with an exhibit?

1 EXAMINER WOODS: Show it to counsel, please.

2 Q. Ms. Carter, going back to your statement
3 that BellSouth provides splitter functionality, --

4 MS. HIGHTMAN: Can you just state for the record
5 what item you're looking at?

6 MR. ASHBY: I will in just a moment. It's a
7 data request.

8 MS. HIGHTMAN: Right.

9 MR. ASHBY: It's Data Request 36 in this
10 proceeding.

11 Q. Do you see there in the data request,
12 Ms. Carter, that there's a reference to the BellSouth
13 interim agreement with Covad?

14 A. Correct.

15 Q. The question is: "Please admit that
16 BellSouth provides splitter functionalities to Covad
17 only on a shelf-at-a-time basis and not on a
18 line-at-a-time basis." Did I read that right?

19 A. I don't think so.

20 Q. Did I read the data request --

21 A. Oh, okay. You're reading the first
22 sentence.

1 Q. Did I read the request correctly?

2 A. From what I recall what you said, I think
3 you read it correctly.

4 Q. Well, let me read it again. "Please admit
5 that BellSouth provides splitter functionality to
6 Covad only on a shelf-at-a-time basis and not on a
7 line-at-a-time basis." Did I read that correctly?

8 A. Correct.

9 Q. And Covad's answer was, "Covad admits that
10 under the interim agreement between Covad and
11 BellSouth, BellSouth provides splitter functionality
12 to Covad on increments of 24 or 96 ports (the
13 equivalent of one shelf)." Did I read that
14 correctly?

15 A. Yes, but I believe the parentheses are
16 after 96 is the way I would read it.

17 Q. And do you have any reason to believe that
18 -- you don't have any reason to believe that this
19 information is not accurate, do you?

20 A. No.

21 Q. Okay. Let's talk about the pricing for
22 access to the high frequency portion of the loop.

1 A. I'm sorry. Where are you in my
2 testimony?

3 Q. Well, nowhere yet.

4 A. Oh, okay.

5 Q. Covad's position in this arbitration is
6 that they want access to the high frequency portion
7 of the loop. Correct?

8 A. Okay. Can you point to where you're
9 asking --

10 Q. I'm not referring to your testimony. I'm
11 just asking about your position.

12 A. Okay.

13 Q. It's Covad position, is it not, that they
14 want access to the high frequency portion of the
15 loop?

16 A. Correct, but I'd appreciate it if you'd
17 follow my testimony.

18 Q. I'm sorry?

19 A. I would appreciate it if you could follow
20 my testimony so I know what reference you're coming
21 from.

22 Q. Well, when I get to a reference, I'll

1 refer you to it, but right now I'm just asking you
2 some general questions. Okay?

3 A. Okay.

4 Q. And the loop that you want access to is
5 owned by Ameritech Illinois, is it not?

6 A. Yes.

7 Q. And Ameritech Illinois would be giving you
8 an access to a part of the loop, specifically the
9 high frequency part of the loop.

10 A. Correct.

11 Q. And that allows you to provide DSL service
12 to your customers, correct?

13 A. In a line-shared environment.

14 Q. And if I understand it, Covad is proposing
15 to pay nothing for that access.

16 A. That's not true. We're saying that zero
17 should be the high frequency portion of the loop
18 because there's no incremental cost associated with
19 putting DSL over that loop, as defined in
20 Ms. Murray's testimony. I think there are other
21 costs that we are paying you for.

22 Q. Well, what rate are you proposing in this

1 arbitration for access to the high frequency portion
2 of the loop?

3 A. We are proposing a zero rate for the high
4 frequency portion of the loop because there's no
5 incremental cost associated with it, as referenced by
6 every other RBOC that's filed tariffs at the FCC.

7 Q. Okay. But it's true, is it not, that you
8 agree to pay \$6 a month in all BellSouth states for
9 access to the high frequency portion of the loop,
10 correct?

11 A. No, that's not true.

12 Q. How is that inaccurate?

13 A. We never agreed to -- that is a total
14 price that we're paying for loops. We never agreed
15 to pay anything more than zero in any agreement that
16 we've entered into for the high frequency portion of
17 the loop.

18 Q. So it's your position that the \$6 per
19 month that you've agreed to pay for the loop is not
20 for access to the high frequency portion of the
21 loop? It's for something else?

22 A. The rates that we're paying in

1 specifically BellSouth territory, there is a zero
2 allotment to the high frequency portion of the loop.

3 Q. That's cost though, correct?

4 A. Well, you'd have to ask Ms. Murray, you
5 know, a specific cost question.

6 Q. Well, is it also true that you agreed to
7 an interim rate with US West of \$5.40 5.40 or zero
8 until January 2001, at which point you would pay
9 \$8.25 for access to the high frequency portion of the
10 loop?

11 A. I don't know the details on the rates. I
12 do know that we currently are paying US West zero for
13 the high frequency portion of the loop.

14 Q. Ms. Carter, are you familiar with the
15 California line sharing arbitration between Covad and
16 PacBell, Pacific Bell?

17 A. Yes.

18 Q. And are you aware that the arbitrators
19 there rejected Covad's zero pricing proposal for the
20 high frequency portion of the loop?

21 A. Well, my understanding is that they are
22 putting all the funds into a separate account, and

1 they're going to determine from a long-term
2 perspective how to allocate the money, which may
3 include a refund to any CLEC that pays more than what
4 the end result is.

5 Q. Okay. Well, let me ask you again. Let me
6 phrase it this way. Isn't it true that in the Draft
7 Arbitrator's Award in California the arbitrator
8 concluded that 50 percent of the cost of the loop
9 should be the price that Covad should pay for access
10 to the high frequency portion of the line?

11 MS. FRANCO-FEINBERG: I'm going to object
12 because Ameritech is referencing the draft order, and
13 there's a final order from the California
14 arbitration.

15 Q. Well, the final order says the same, so
16 I'll ask you about the final order.

17 A. My understanding is that any rate that was
18 assigned as part of the final order is going into
19 this account to be allocated when a final decision is
20 made in the case.

21 Q. Okay. And let's assume you're right about
22 that. Isn't it true that that amount, that price, is

1 50 percent of the total cost of the loop?

2 A. Yes, but that price isn't going to
3 Ameritech. It's going to a fund, so Ameritech -- or
4 PacBell, I'm sorry, is not receiving that money as
5 its rate.

6 Q. Ms. Carter, I'm showing you what is the
7 interim line sharing agreement between Covad and US
8 West. Do you recognize that document? Have you ever
9 seen that agreement before?

10 A. Yes.

11 Q. All right. And specifically on page --
12 well, paragraph 25, I want to read for you, and you
13 tell me if I've read it correctly. "CLECs may choose
14 from either of the following options for an interim
15 occurring shared-line rate: (A) a rate of 5.40 per
16 month per shared line; or (b), a rate of zero per
17 month per shared line until January 1, 2001. On
18 January 1, 2001, the interim recurring shared-line
19 rate will change to 8.25 unless ILEC continues to
20 charge a rate of zero per month per shared line to
21 one or more CLECs as of that date." Did I read that
22 correctly?

1 A. Well, you didn't finish the paragraph. I
2 believe --

3 Q. I didn't finish paragraph (b), but what I
4 read to you I did read correctly, right?

5 A. Yes.

6 Q. And there is -- for the record, there's
7 another sentence that follows paragraph (b).

8 Correct?

9 A. Correct.

10 MS. FRANCO-FEINBERG: Can that be read into the
11 record for completeness?

12 MR. ASHBY: I would be more than happy to read
13 it into the record if --

14 EXAMINER WOODS: Let's mark it.

15 MR. ASHBY: I'll mark it.

16 MS. HIGHTMAN: For the record, we don't have to
17 because the document that is being provided is an
18 exhibit to Mr. Zulevic's supplemental verified
19 statement.

20 EXAMINER WOODS: Okay.

21 MS. HIGHTMAN: So it will be in anyway.

22 MR. ASHBY: Okay.

1 MS. HIGHTMAN: Save paper.

2 MR. ASHBY: All right.

3 Q. Now, Ms. Cater, I'd also like to show you
4 two press releases from Covad and ask you if you're
5 generally familiar with them.

6 MS. FRANCO-FEINBERG: I'm sorry. I didn't see
7 the second one. I thought they were two copies of
8 the same thing.

9 MR. DEANHARDT: Actually, why don't you hand us
10 both of them and then start asking questions so we're
11 not reading one while you're asking questions.

12 MS. FRANCO-FEINBERG: Thank you.

13 (Brief pause in the proceedings.)

14 Q. Ms. Carter, I'm going to show you first a
15 press release dated April 27, 2000, a Covad press
16 release. Have you ever seen that press release
17 before?

18 A. I've personally not read it.

19 Q. Okay. Let me read to you a portion of
20 that press release, and you tell me if I've read it
21 correctly.

22 Under the agreement --

1 MS. FRANCO-FEINBERG: Objection, Your Honor.
2 There's no foundation for this line of questioning.

3 MR. ASHBY: Well, I'm simply asking about a
4 press release. It's a public document. I'm asking
5 her to tell me if I read it correctly. I haven't
6 offered it into evidence.

7 MS. FRANCO-FEINBERG: Ms. Carter indicated
8 clearly she had never seen the press release before
9 just now.

10 MR. ASHBY: And I'm not asking her anything
11 other than to tell me if I've read the provision
12 correctly.

13 EXAMINER WOODS: What's the relevance in the
14 first place of a press release?

15 MR. ASHBY: Well, in both of these press
16 releases, Your Honor, Covad indicates that they have
17 an interim monthly loop rate of \$6 per line, pursuant
18 to their agreement with BellSouth, and they have an
19 8.25 -- a 5.40, zero, or 8.25 rate with US West,
20 which was the line of cross-examination I've pursued
21 with her, and she denied both of them, so I think I'm
22 entitled to ask her about Covad's press releases on

1 this to see if she disagrees with them.

2 EXAMINER WOODS: I don't -- shy denied what?

3 MR. ASHBY: She denied that they were paying
4 anything for the high frequency portion of the loop
5 in their interim agreements with BellSouth and US
6 West.

7 EXAMINER WOODS: No. I think she said that
8 that's -- what she said was they're paying nothing
9 for access, but they're paying a rate which
10 apparently she thinks is access plus something else.
11 That was my understanding of her testimony.

12 MR. ASHBY: I think that's right.

13 Q. Well, you would agree with me, Ms. Carter,
14 would you not, that there is an interim monthly rate
15 of \$6 per line for the loop that you get from
16 BellSouth?

17 A. Again, it's not for the high frequency
18 portion of the loop. It's for all the charges
19 associated with the loop.

20 Q. Ms. Carter, look at page 19 of your
21 testimony. Do you see line 7 there's a question
22 about acceptance testing of the loop? And if I

1 understand your answer to this question, it's Covad's
2 position that Ameritech Illinois should provide
3 acceptance testing of the loop. Is that right?

4 A. Correct.

5 Q. And Covad is proposing that that be done
6 within a seven-day period; that Covad would have
7 seven days within which to accept the loop once it's
8 provisioned to them. Correct?

9 A. I think we say that we can significantly
10 reduce the number of trouble tickets that are open
11 within the first seven days. I don't think I
12 specifically stated an interval here.

13 Q. Well, are you proposing -- is Covad
14 proposing that they would have seven days to accept
15 the loop, based on the testing that would occur?

16 A. I don't think I can speak to that. That's
17 more of a technical issue.

18 EXAMINER WOODS: Who do you think would address
19 that?

20 MS. FRANCO-FEINBERG: I think that Mr. Zulevic
21 would probably be able to provide greater information
22 on that topic.

1 EXAMINER WOODS: Okay.

2 MR. DEANHARDT: We do have a witness here, Your
3 Honor, who can answer those questions.

4 EXAMINER WOODS: Great.

5 Q. You are proposing though that -- Covad is
6 proposing though, is it not, that they want Ameritech
7 Illinois to provision those loops within three days
8 of the date you order them?

9 A. I think we're saying that it should
10 ultimately be 24 hours.

11 Q. But you're starting out with three days,
12 moving to two days, moving to one day.

13 A. Correct.

14 Q. But you have some period of time for
15 acceptance testing, which may be up to seven days.

16 MS. FRANCO-FEINBERG: I believe he's
17 recharacterizing her testimony. She has cited
18 exactly what she stated by citing to her testimony,
19 and I believe that Ameritech is trying to
20 recharacterize that.

21 MR. ASHBY: She can disagree with me, Your
22 Honor.

1 EXAMINER WOODS: I'm a little confused too, so.

2 MS. FRANCO-FEINBERG: I'm sorry. We're
3 objecting that it's a mischaracterization of her
4 testimony.

5 MR. ASHBY: I'll withdraw the question.

6 EXAMINER WOODS: No, because I'm interested.

7 (Laughter)

8 Because I think there is a -- what I would
9 say is a somewhat confusing difference between the
10 amount of time you want them to provision it and
11 then, to extend that on the back end, your amount of
12 time to accept it. I'm not sure how that all works
13 together.

14 THE WITNESS: I don't think I'm proposing an
15 interval here for acceptance testing. I'm just
16 making a statement that says that acceptance testing
17 could reduce the number of trouble tickets that we
18 get in the first seven days after a loop is
19 provisioned. I don't think that's stating that we
20 expect an interval for acceptance testing.

21 EXAMINER WOODS: Okay.

22 THE WITNESS: It's just a statement saying that

1 we should have less maintenance.

2 EXAMINER WOODS: Right, but there's going to be
3 a period of time for Covad to perform that testing.
4 Correct?

5 THE WITNESS: I would assume that -- I mean I
6 think the point that we're trying to get to here is
7 that we need a quality product, and we shouldn't have
8 to start paying for a product prior to us saying
9 that, yes, it's a quality product and we're going to
10 purchase it.

11 EXAMINER WOODS: But it's going to take some
12 time, right? You're going to have to run some
13 tests. That's why they call it testing.

14 THE WITNESS: Correct.

15 EXAMINER WOODS: And that could take, as I
16 understand it, up to seven days. Is that right? Or
17 is that where the mischaracterization occurs?

18 THE WITNESS: I think that's where the
19 mischaracterization occurs because I think in my
20 testimony I'm just making a statement that says as a
21 result of an acceptance testing, we shouldn't have as
22 many trouble tickets, and I think probably if you

1 want to get into the more specifics on what happens,
2 that would probably be more for a technical witness.

3 EXAMINER WOODS: Mr. Zulevic?

4 MR. DEANHARDT: He can answer those questions,
5 Your Honor.

6 EXAMINER WOODS: Okay.

7 MR. ASHBY:

8 Q. Okay, Ms. Carter. Let me ask you, turning
9 to page 20 of your testimony, if I understand Covad's
10 position is that they want direct access to certain
11 back-office systems of Ameritech Illinois. Is that
12 correct?

13 A. Correct.

14 Q. Isn't it true that you get access to the
15 information with regard to loop qualification, loop
16 availability, through databases that are provided to
17 you through an electronic data interface?

18 A. My understanding is that Covad is not yet
19 up on EDI and that the loop qualification information
20 is not going to be up on TCNet until September.

21 Q. Okay, but you understand that there's a
22 Plan of Record to provision, to make sure that that

1 information gets to the CLECs, correct?

2 A. Correct, but I don't think that the
3 information contained in the Plan of Record is all
4 encompassing of what Covad needs.

5 Q. All right. Well, where in your testimony
6 do you identify what specific information you need
7 that you're not being provided with?

8 A. I think what we're saying is that we want
9 access to the databases so that we can manage our
10 network efficiently, just like Ameritech does.
11 Essentially, even if you give us the loop
12 qualification information, there's other areas that
13 Ameritech uses those databases for to manage their
14 network, and, you know, an example of this would be
15 that if Ameritech tells us there's no loop for a
16 particular order, (a), we'd like to verify that.
17 We'd like to see if there's another loop available on
18 a different technology, and we'd like to just make
19 sure that we could have the information in front of
20 us to manage our network for our customers.

21 Q. Okay. Well, is it your testimony that you
22 can't get access to that information through an EDI?

1 A. Yes.

2 Q. That is your testimony? That --

3 A. My testimony is that we will not have
4 complete, direct access to the databases. I believe
5 what Ameritech is proposing in the Plan of Record to
6 provide is a parsed extraction of those databases for
7 certain fields.

8 Q. Of your personal knowledge, or knowledge
9 that you've gained working for the company, what
10 specific information does Ameritech have in those
11 databases that Covad contends it will not have access
12 to?

13 MS. FRANCO-FEINBERG: Objection; asked and
14 answered, Your Honor.

15 EXAMINER WOODS: No, I don't think she's
16 answered that yet.

17 MR. ASHBY: I'm sorry?

18 EXAMINER WOODS: She has not answered that
19 question yet.

20 A. I believe, its my understanding, that the
21 information we are providing is for a specific loop.
22 We don't have access to get information on what is

1 out there, so we don't know if there's another loop
2 available on a different technology that we may have
3 to use different equipment for.

4 Q. Ms. Carter, just looking at your direct
5 testimony, you haven't identified any specific data
6 in that testimony that you claim Covad does not have
7 access to through an EDI gateway, have you?

8 A. Well, again, Covad is not up on EDI yet.

9 Q. But you haven't identify any specific
10 information that you would not have access to through
11 an EDI gateway, have you?

12 A. Well, I believe that that would be a game
13 of guessing because if we had the information of
14 everything that was in your database, then we may
15 know that there's additional information that we
16 need. We can't guess on what's in the database.

17 Q. So is it your -- so your complaint is one
18 about verification.

19 A. Yes. We would like to verify that there
20 are other loops and other ways available for us to
21 provide service to our end users.

22 Q. Okay. And are you familiar with the

1 Advanced Services Plan of Record?

2 A. I'm familiar with it. I have not
3 extensively seen it.

4 Q. Are you aware that the Plan of Record
5 gives CLECs audit rights over Ameritech Illinois'
6 back-office systems which would allow you to
7 determine that information that's there?

8 A. Well, I would think that an audit would be
9 highly costly and burdensome to do on every single
10 customer.

11 Q. Well, that wasn't my question. My
12 question was are you aware that a CLEC, any CLEC, has
13 audit rights under the Advanced Services Plan of
14 Record that would allow you to determine what
15 information is contained in those databases?

16 A. Again, I don't think audit rights would
17 help us.

18 Q. Well, it's true, is it not, that you
19 haven't tried to -- Covad has never exercised those
20 audit rights to verify that information obtainable
21 through EDI is accurate or complete, have you?

22 A. Again, an audit is a very costly and

1 resource intensive process, so for that reason it's
2 potentially very burdensome for a smaller CLEC to
3 have to, you know, use its audit rights.

4 Q. So you propose instead that Covad should
5 be able to have direct access to all of Ameritech
6 Illinois' back-office systems.

7 A. I believe I mention specific systems that
8 we would need access to to appropriately manage our
9 network. I don't think I said all Ameritech back-
10 office systems.

11 MR. ASHBY: Thank you, Ms. Carter.

12 No further questions, Your Honor.

13 EXAMINER WOODS: Staff?

14 MR. REED: I just have a couple.

15 CROSS EXAMINATION

16 BY MR. REED:

17 Q. I'm Darryl Reed. I represent the Staff.
18 Okay?

19 A. Okay.

20 Q. And we don't have any stake in the outcome
21 other than just filling up the record, and I don't
22 even know if you can answer some questions that I

1 might have.

2 A. I'll try.

3 Q. You're a policy witness? A policy
4 witness?

5 A. Correct. I'm a business witness, yes.

6 Q. Okay. Just to follow up on a line of
7 questions by counsel, Covad is not asking for the
8 ability to manipulate any of the information that's
9 in Ameritech's databases, only to see what's there
10 for verification purposes. Is that correct?

11 A. Yes. I believe we'd like to see what's
12 there and see what our options are so that we can
13 appropriately manage our network. That's correct.

14 Q. Okay. Going even back a step further,
15 from a technical perspective, okay, and hopefully you
16 can maybe just clear up some questions, Covad doesn't
17 own any switches. Right? Or do you know?

18 A. Well, we own DSLAMs, and as part of our
19 network architecture that's connected to like an ATM
20 switch. However, we don't own voice -- traditional
21 voice type switches like a 5E or a DMS100.

22 Q. And Covad basically offers data type

1 services and not voice type services.

2 A. Correct.

3 Q. Okay. So even though Covad owns and/or

4 purchases loops, Covad does not have the ability

5 currently to offer the splitter functionality, the

6 high frequency and the voice, because you don't have

7 voice type lines or switching equipment.

8 A. If you're referring to counsel's statement

9 about line sharing with ourselves.

10 Q. Yes.

11 A. That's true.

12 Q. Okay. So in order to utilize the high

13 frequency portion of the loop, you have to purchase

14 this service from an ILEC or somebody that's got a

15 switch.

16 A. Correct.

17 MR. REED: Okay. That clears it up. Thank you

18 very much.

19 EXAMINER WOODS: Redirect?

20 MS. FRANCO-FEINBERG: Yes, Your Honor. If we

21 could have just a few moments.

22 EXAMINER WOODS: Sure. We'll take five.

1 MS. FRANCO-FEINBERG: Thank you.

2 (Whereupon a short recess was
3 taken.)

4 EXAMINER WOODS: Back on the record.

5 MS. FRANCO-FEINBERG: We just have a few
6 redirect questions, Your Honor.

7 EXAMINER WOODS: All right.

8 REDIRECT EXAMINATION

9 BY MS. FRANCO-FEINBERG:

10 Q. Ms. Carter, do you have a concern
11 regarding being limited by the terms AADS has agreed
12 to with Ameritech Illinois?

13 A. Yes.

14 Q. And what are those concerns?

15 A. Specifically that we have a different
16 business plan than AADS has where we have a different
17 architecture. We provide different services.

18 Q. Okay. I'm going to ask you a question on
19 a different topic. What is your understanding --
20 Ameritech's counsel asked you a series of questions
21 about Bell Atlantic's deployment schedule, which you
22 refer to in your direct testimony. What is your

1 understanding of what Bell Atlantic has committed to
2 do by those dates?

3 A. It's my understanding that Bell Atlantic
4 has committed to have splitters available for CLEC
5 use by those dates.

6 EXAMINER WOODS: Their own splitters?

7 THE WITNESS: Well, I don't know if they're
8 doing ILEC-owned splitters. I know our arrangement
9 it's a pass-through.

10 EXAMINER WOODS: What does that mean?

11 THE WITNESS: Essentially they buy the splitters
12 on our behalf I believe. I think Mike Zulevic knows
13 the details behind the --

14 EXAMINER WOODS: So it's more of a virtual?

15 THE WITNESS: I think so.

16 EXAMINER WOODS: Okay.

17 MS. FRANCO-FEINBERG:

18 Q. Will they be installing the splitters by
19 the deployment date you have in your testimony?

20 A. Yes.

21 Q. And, Ms. Carter, if you know, is BellSouth
22 providing ILEC-owned splitters or CLEC-owned

1 splitters?

2 A. BellSouth is providing ILEC-owned
3 splitters.

4 Q. Okay. And if you recall, Ms. Carter,
5 earlier Ameritech's counsel asked you about BellSouth
6 and whether it provides line at a time. Why did you
7 say that BellSouth is providing line at a time to
8 Covad?

9 A. Because we can provision it at a line at a
10 time. I think there's a difference between reserving
11 ports and provisioning.

12 Q. Okay. Are you aware, Ms. Carter, of any
13 commission that has issued an order regarding the
14 rates SBC -- any other commission -- Ameritech's
15 counsel referenced a California arbitration -- any
16 other commission that has issued an order regarding
17 the rates SBC should be able to charge for the high
18 frequency portion of the loop?

19 A. Yes.

20 Q. And what commission is that?

21 A. In Texas.

22 Q. And do you know what rate the Texas

1 commission ordered SBC charge for the high frequency
2 portion of the loop?

3 A. They ordered zero.

4 Q. Okay. Earlier Ameritech's counsel also
5 asked you about a charge for access to the loop. Can
6 you please explain the distinction between access to
7 the loop versus a charge for the high frequency
8 portion of the loop?

9 A. Well, access to the loop it's my
10 understanding provides more than just the high
11 frequency portion of the loop. It incorporates other
12 charges associated with the loop itself, such as
13 cross-connects, OSS charges, etc..

14 Q. Okay. Thank you.

15 Also, Ameritech's counsel asked you about
16 acceptance testing and your reference to it in your
17 testimony. Is a loop delivered before acceptance
18 testing is completed?

19 A. No.

20 Q. Okay. Are you recommending a seven-day
21 loop interval -- or I'm sorry; excuse me -- a
22 seven-day interval for acceptance testing?

1 A. No.

2 Q. Okay. Are you recommending any interval
3 for acceptance testing in your testimony?

4 A. No.

5 MS. FRANCO-FEINBERG: Okay. That's all the
6 questions I have, Your Honor. Thank you.

7 EXAMINER WOODS: Any follow-up?

8 MR. ASHBY: Just a couple questions, Your
9 Honor.

10 RE CROSS EXAMINATION

11 BY MR. ASHBY:

12 Q. Ms. Carter, you indicated there was a
13 difference between the charge for access to the high
14 frequency portion of the loop and the charge that
15 might apply to the high frequency portion of the loop
16 itself. Correct?

17 A. No. I think I said there's a difference
18 between access to the loop and the charge for the
19 high frequency portion of the loop.

20 Q. Okay. And the charges you identified for
21 access include cross-connect charges and OSS
22 charges. Is that right?

1 A. Correct.

2 Q. Are there any other charges you're aware
3 of?

4 A. I think that -- I'm not sure. I think
5 Terry Murray would be able to speak to that.

6 Q. And are you proposing to pay Ameritech
7 Illinois \$6 for cross-connects and OSS charges in
8 this arbitration?

9 A. Well, I think we haven't been able to
10 negotiate that with Ameritech, so I'm not sure what
11 specific costs we would be willing to discuss.

12 Q. Well, isn't it true that in this
13 arbitration for cross connects you're proposing to
14 pay less than a dollar?

15 A. My understanding, yes.

16 Q. Okay. But, again, you're paying a total
17 of \$6 to BellSouth pursuant to your interim agreement
18 with them. Right?

19 EXAMINER WOODS: I'm sorry. Was that interim
20 agreement?

21 Q. The interim agreement.

22 A. I don't know what the specific cost makeup

1 is in the other territories. I think Terry Murray
2 would probably be able to speak to that.

3 Q. Okay. Let me ask you about the line at a
4 time versus shelf at a time. If I understood your
5 testimony, you're saying there's a difference between
6 reserving ports and provisioning them. Correct?

7 A. Correct.

8 Q. Now isn't it true that when you purchase
9 the ports from BellSouth, you have to purchase them
10 in minimum increments of 24 or 96?

11 A. I believe we reserve the ports in those
12 increments. We don't provision them in those
13 increments.

14 Q. Okay. Well, I didn't ask you if you
15 provision in those increments. I asked you do you
16 purchase them in those increments?

17 A. I believe so.

18 Q. Now you had some testimony -- I believe
19 you testified about the difference between your
20 business plan and AADS's business plan. Correct?

21 A. Correct.

22 Q. Have you ever seen AADS's business plan?

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4 Q. You've never been an employee of AADS.
5 Correct?

6 A. Correct.

7 Q. You've never had access to any of their
8 confidential business plans, have you?

9 A. Correct.

10 Q. Mr. Reed asked you a question about your
11 ability to line share with yourself, and I believe
12 that you testified that you would not line share
13 because you don't offer voice. Is that correct?

14 MS. FRANCO-FEINBERG: Objection. He's not
15 addressing my redirect. He's addressing Mr. Reed's
16 cross-examination.

17 EXAMINER WOODS: I think that's correct. The
18 scope of this is limited to questions asked on
19 redirect.

20 MR. ASHBY: All right. No further questions.

21 Thank you, Your Honor.

22 EXAMINATION

1 BY EXAMINER WOODS:

2 Q. Well, once again, what you're requesting
3 here is the opportunity to reserve a line at a time
4 or a shelf at a time. Correct?

5 A. I think we want -- I think we want options
6 on a case-by-case basis, and I think what we're
7 looking for is the ability to provision either at a
8 line at a time or a shelf at a time. The reservation
9 I think is a different issue.

10 Q. Okay. Well, then I think we need to
11 explore that because that's what I don't understand.
12 What is it that you're looking for as far as
13 reservation goes?

14 A. I think as far as the reservation, we're
15 looking, again, for options. So in the case where we
16 want to do capacity management, we may want to
17 reserve an entire shelf and then have it provisioned
18 and -- provision it on a one-at-a-time basis as we
19 obtain customers.

20 Q. Okay. Then what about provisioning? You
21 want to be able to do that either way as well.
22 Correct?

1 A. I think provisioning is always at a
2 line-at-a-time basis because we don't know up front
3 how many customers -- unless we have a bulk customer
4 that's getting 96 lines, we wouldn't know up front
5 who the customers are.

6 Q. And that's different than the arrangements
7 you have in every other state. Is that correct?
8 Because from what I'm hearing, the arrangements in
9 the other states all require you to reserve at least
10 24 ports at a time.

11 A. I think that's specifically BellSouth.

12 Q. Okay. Is it different than you have with
13 any other ILEC that you know of?

14 A. BellSouth's arrangement I believe is
15 different than the other ILECs.

16 Q. And what time do you start paying for
17 them? When you reserve them?

18 A. I'm not sure. I think Mike knows that.

19 Q. Okay. Because I think that's an important
20 question.

21 A. Yeah. Mike negotiated those agreements,
22 so.

1 EXAMINER WOODS: Anything else?

2 MS. FRANCO-FEINBERG: No. Thank you, Your
3 Honor.

4 EXAMINER WOODS: Thank you, ma'am.

5 (Witness excused)

6 Call your next witness.

7 MS. FRANCO-FEINBERG: I believe actually
8 Mr. Smallwood will be presented next.

9 MR. BINNIG: Your Honor, we have one item that
10 we wanted to raise that I think is probably worth
11 addressing now, and it relates to -- well, we could
12 address it later, but it relates to the witness that
13 Rhythms is proposing substitute for Ms. Belland who
14 is also substituting for Mr. Baros, so this is the
15 witness that was substituted for both Belland and
16 Baros.

17 MS. HIGHTMAN: He's ready for a change I think.

18 MR. BINNIG: Lots of B's.

19 The proposed witness is an associate in
20 Mr. Bowen's law firm, and my client is I think very
21 concerned about the propriety of that. At least in
22 my experience, practicing in front of the Commission

1 for going on fifteen years now, this is
2 unprecedented, and we wanted to sort of hash that out
3 now. SBC would like to formally object to Ms. Rice
4 adopting this testimony and being allowed to
5 testify.

6 We do not believe that it technically
7 violates any rules of the Code of Professional
8 Responsibility. There is a provision in Rule 3.7
9 which provides that a lawyer shall not accept or
10 continue employment in contemplated or pending
11 litigation if the lawyer knows or reasonably should
12 know that the lawyer may be called as a witness on
13 behalf of a client, although there are some
14 exceptions, and one exception says except as
15 prohibited by two other rules, the lawyer may act as
16 an advocate at trial in which another lawyer in the
17 lawyer's firm may be called as a witness.

18 So there may not be a technical violation
19 of the Code of Professional Responsibility here, but
20 we think it's highly improper and something that is
21 unprecedented here in Illinois in terms of Commission
22 practice.

1 EXAMINER WOODS: I must admit I'm less than
2 familiar right now with the exact contents of that
3 testimony, but I would be looking very closely at his
4 qualifications to express any -- if it's expert
5 testimony on anything of a technical nature other
6 than legal conclusions, I would certainly be willing
7 to entertain that.

8 I think what I'll do is review the
9 testimony over the lunch hour and withhold ruling at
10 this time.

11 MS. HIGHTMAN: Actually I think I would like to
12 at least have a chance to respond before you do that.

13 EXAMINER WOODS: Okay.

14 MS. HIGHTMAN: And see if you understand
15 Rhythms' position on this.

16 Number one, what Mr. Binnig just explained,
17 although he didn't say it in these words, is that the
18 ethical rules explicitly provide for this situation
19 to occur and say that this is okay. It's not
20 prohibited; it's allowed.

21 Rule 3.7(c) says that except as prohibited
22 by Rule 1.7 or Rule 1.9, which I'll get to in a

1 second, a lawyer may act as an advocate in a trial in
2 which another lawyer in a lawyer's firm may be called
3 as a witness.

4 The rules that are at the beginning that I
5 mentioned, 1.7 and 1.9, are conflict provisions.
6 There is no conflict here. Conflict is if
7 Ms. Taff-Rice previously worked for SBC or Ameritech
8 or if she was taking a position that's contrary to
9 Rhythms' interest in this case. There is no ethical
10 conflict. The rules explicitly allow for this to
11 occur.

12 As far as whether this is the appropriate
13 witness to sponsor this particular testimony, I just
14 would want to point out to you, as you go back and
15 look, that the -- and as she explains in the couple
16 of pages that I handed out this morning, she's
17 talking about facts. She was involved in meetings.
18 She has reviewed things that provide the factual
19 background for the testimony she's giving, and that's
20 why we believe she's an appropriate witness to be
21 addressing the topic that she addresses in her
22 testimony.

1 The fact that a witness has never been a
2 member of a law firm representing a company before
3 the Commission in Mr. Binnig's tenure before the
4 Commission is meaningless. There's no ethical
5 violation. The fact that he's never seen it before
6 is not a reason for this to not be allowed. The
7 question is whether this is an appropriate witness to
8 sponsor the testimony.

9 For the reasons I said, I think she is. As
10 I've already indicated, the rules specifically allow
11 for this kind of thing to occur, and Mr. Binnig has
12 basically conceded that, and this is no different
13 than any other witness testifying in the case. It
14 doesn't go to her ability to respond to the
15 testimony. It's something that goes to the weight of
16 the testimony as she's cross-examined, and we're
17 perfectly happy to have her cross-examined and to
18 show that she knows what she's talking about.

19 EXAMINER WOODS: I'm much less concerned with
20 the impact of the rules of professional
21 responsibility which I think will weigh heavily on
22 her law license as opposed to whether or not she can

1 testify or not. I'm much more concerned with whether
2 or not she is the appropriate witness to sponsor this
3 testimony.

4 So what I'd like to do is see the
5 explanatory materials that you've got there and
6 review those in conjunction with the testimony that
7 she's going to attempt to sponsor, and at that time
8 I'll be ready to rule.

9 MR. BINNIG: Just a short reply, Your Honor.

10 My discussion of the professional rights of
11 responsibility rules really go to the witness who --
12 or excuse me -- the lawyer who is appearing as the
13 advocate in the case.

14 EXAMINER WOODS: Right.

15 MR. BINNIG: It doesn't go to the propriety of
16 the witness per se.

17 But I guess I would want to make two points
18 in terms of the appropriateness of the proposed
19 witness to adopt this testimony.

20 The first is the one that you made which is
21 whether she's qualified to address what I would call
22 nonlegal issues. If, in fact, what she is offering

1 are legal conclusions, I think that also is
2 inappropriate. That's something for brief.

3 EXAMINER WOODS: Well, the testimony will speak
4 for itself.

5 MS. HIGHTMAN: She's not, because it wasn't a
6 legal witness in the first place, so, you know. It
7 is what it is, but go ahead.

8 EXAMINER WOODS: I'll review it in camera over
9 the lunch hour and be ready to rule. I'll rule,
10 whichever it is.

11 MR. BINNIG: Thank you, Your Honor.

12 I think at this time we'd call Mr. James
13 Smallwood to the stand.

14 EXAMINER WOODS: All right. Mr. Smallwood.

15 Were you in the room this morning when we
16 did the mass swearing in?

17 MR. SMALLWOOD: Yesterday, Your Honor.

18 EXAMINER WOODS: Okay.

19 (Whereupon Ameritech Illinois
20 Exhibits 4.0 and 4.1 were
21 marked for identification.)

22 Mr. Binnig.

1 JAMES R. SMALLWOOD
2 called as a witness on behalf of the Ameritech
3 Illinois, having been first duly sworn, was examined
4 and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. BINNIG:

7 Q. Mr. Smallwood, could you state your full
8 name and business address for the record, please?

9 THE WITNESS:

10 A. My name is James R. Smallwood. My
11 business address is 38-X-08, One Bell Center,
12 St. Louis, Missouri 63101.

13 Q. And, Mr. Smallwood, do you have in front
14 of you what's been marked for identification as
15 Ameritech Illinois Exhibit 4.0 consisting of typed
16 questions and answers entitled the Direct Testimony
17 of James R. Smallwood on Behalf of Ameritech Illinois
18 and attaching I believe two schedules, Schedule JRS -1
19 and Schedule JRS-2?

20 A. Yes, I do.

21 Q. And is Ameritech Illinois Exhibit 4.0 your
22 direct testimony in this proceeding?

1 A. Yes, it is.

2 Q. Was it prepared by you or under your
3 supervision and direction?

4 A. Yes, it was.

5 Q. Do you have any additions or corrections
6 to make to Ameritech Illinois Exhibit 4.0 at this
7 time?

8 A. Yes, I have a few typographical errors to
9 correct.

10 Unfortunately, these pages aren't numbered
11 on the copy that was filed, so as I count from the
12 front page, it would be page 9. It's page 9, line
13 9. After the closed parentheses, closed paren, I
14 would insert a period before the word "Therefore".

15 Q. So after the parenthetical "emphasis
16 added", you're inserting a period?

17 A. Yes.

18 At line 17, I would delete the word "at"
19 after the word "data", so it would read "voice and
20 data 50/50". After the second 50 I would insert --
21 delete the period and insert a comma.

22 MS. FRANCO-FEINBERG: I'm sorry to interrupt,

1 but I think because the pages aren't numbered we're
2 just having a hard hard time locating the page.
3 Could I have --
4 A. I'm sorry. It's page 9 still.
5 MS. FRANCO-FEINBERG: Oh, page 9 still?
6 A. Yeah. I'm sorry.
7 MS. FRANCO-FEINBERG: I apologize.
8 A. That's okay. So it's line 17, delete "at"
9 after "data".
10 MS. FRANCO-FEINBERG: Okay. Thank you.
11 A. Delete the comma -- or the period after
12 50, insert a comma in place of the period, and the
13 word "as" that follows should go from an upper case
14 "A" to a lower case "a".
15 MS. FRANCO-FEINBERG: Thanks.
16 A. What would be page 11 starting from there,
17 at line 5, I would change the word or the acronym
18 CLEC to CLEC's with an "'s". At line 6, insert a
19 comma after "it", so the sentence would read, "The
20 UNE Loop Conditioning charge is only applicable if
21 the CLEC requests it, and we actually have to remove
22 the inhibitors."

1 And at line 9 on that same page I would
2 delete the apostrophe in the word "it's" in that
3 line.

4 And on the last page of my testimony where
5 the testimony concludes, which I believe is page 13,
6 in the question, at line 3, I would change
7 "concludes" to "conclude".

8 And, finally, at line 9 on that page, I
9 would insert a comma after the word "supported".

10 Q. Now turning to Schedule JRS-2, do you have
11 any corrections with respect to this schedule?

12 A. Yes. Schedule JRS-2 is a nonrecurring
13 cost study for the HFPL cross-connect, and we have
14 revised that study to reflect updated inputs, and I
15 would propose to replace JRS-2 with that updated
16 study, which I believe we've had marked as Exhibit
17 4.1.

18 MR. BINNIG: Can we go off the record for a
19 second?

20 EXAMINER WOODS: Yes.

21 (Whereupon at this point in
22 the proceedings an

1 off-the-record discussion
2 transpired.)

3 EXAMINER WOODS: Back on the record.

4 MR. BINNIG:

5 Q. With respect to the most recent revised
6 nonrecurring cost study, which has been marked as
7 Ameritech Illinois Exhibit 4.1, was that prepared
8 under your supervision and direction?

9 A. Yes, it was.

10 Q. Does it accurately reflect what it
11 purports to reflect?

12 A. Yes, it does.

13 Q. So with the changes and corrections that
14 you've made here today, if I were to ask you the
15 questions that appear in Ameritech Illinois Exhibit
16 4.0, would your answers be the same today with the
17 corrections you've made?

18 A. Yes, they would.

19 MR. BINNIG: Your Honor, I would move for the
20 admission of Ameritech Illinois Exhibit 4.0,
21 including Schedules JRS-1 and JRS-2, and also
22 Ameritech Illinois Exhibit 4.1.

1 EXAMINER WOODS: Objections?

2 MR. BOWEN: No objection.

3 MS. FRANCO-FEINBERG: No.

4 EXAMINER WOODS: Those exhibits are admitted
5 without objection.

6 (Whereupon Ameritech Illinois
7 Exhibits 4.0 and 4.1 were
8 received into evidence.)

9 Anything else?

10 The witness is available for cross.

11 MR. BINNIG: I tender the witness for
12 cross-examination, Your Honor.

13 EXAMINER WOODS: Mr. Bowen.

14 MR. BOWEN: Thank you, Your Honor.

15 Let me just, if I could, before I begin my
16 cross, Your Honor, we also were handed a different
17 document by counsel this morning, and I just inquire
18 as to whether counsel did or did not intend to mark
19 this as an Ameritech exhibit or not.

20 MR. BINNIG: Can we go off the record to discuss
21 this as well?

22 EXAMINER WOODS: Okay.

1 (Whereupon at this point in
2 the proceedings an
3 off-the-record discussion
4 transpired, during which time
5 Ameritech Illinois Exhibit
6 4.2 was marked for
7 identification.)

8 EXAMINER WOODS: Back on the record.

9 DIRECT EXAMINATION (Cont'd)

10 BY MR. BINNIG:

11 Q. Mr. Smallwood, have you also been handed
12 what's been marked for identification as Ameritech
13 Illinois Exhibit 4.2?

14 A. Yes, I have.

15 Q. And this is the TELRIC recurring cost
16 study for line sharing. Is that correct?

17 A. Yes.

18 Q. And this is the most recent revised cost
19 study for recurring costs for line sharing?

20 A. Yes, it is.

21 Q. Was this prepared under your supervision
22 and direction?

1 A. Yes, it was.

2 Q. Does it accurately reflect what it
3 purports to reflect?

4 A. Yes, it does.

5 MR. BINNIG: Your Honor, I'd also move for the
6 admission of Ameritech Illinois Exhibit 4.2 and
7 tender the witness for cross-examination.

8 EXAMINER WOODS: Objections?

9 MR. BOWEN: Your Honor, we don't object. I will
10 note for the record that in consultation with counsel
11 for Ameritech, because of the modifications to these
12 cost studies, we have agreed that Ms. Murray and, if
13 needed, Mr. Riolo can address from their perspective
14 any required additional points they wish to bring
15 forward in additional live direct when they take the
16 stand.

17 EXAMINER WOODS: That's my understanding as
18 well.

19 Mr. Binnig?

20 MR. BINNIG: We have no objection as long as
21 it's limited to the changes in these cost studies
22 from the prior cost studies.

1 MR. BOWEN: That would fine.

2 EXAMINER WOODS: The witness is available for
3 cross-examination.

4 MR. BOWEN: Okay.

5 CROSS EXAMINATION

6 BY MR. BOWEN:

7 Q. Good morning, Mr. Smallwood. Nice to see
8 you again.

9 A. Good morning.

10 Q. I thoughts I would have less cross than I
11 have now, so I apologize to you in advance, but I'm
12 going to have to ask you to walk me through some of
13 your changes in your studies.

14 A. Okay. Certainly.

15 Q. First of all, let me just establish the
16 baseline of what you filed as part of Ameritech
17 Illinois' direct case in this case. You had what you
18 testified to as JRS-2. Right?

19 A. Yes.

20 Q. Am I correct that in this case you didn't
21 file as part of your affirmative showing what's been
22 marked and admitted as Exhibit 4.2?

1 A. That was not filed as a part of my
2 testimony. That's correct.

3 Q. And it was filed in some other docket?
4 Did I understand that right?

5 A. Yes. I believe it was filed in -- well,
6 it was filed I believe in support of the tariff
7 filing for this -- these UNE rate elements.

8 Q. Okay. And why exactly are you filing it
9 on the day of your appearance in this case? Do you
10 know?

11 A. This cost study, the revised, the 4.2?

12 Q. 4.2, right.

13 A. It was revised just two days ago to
14 reflect design changes, and it comports with the
15 design that is now being implemented for splitters,
16 and this will be the design that's carried forward to
17 all the other SBC jurisdictions for splitter --
18 development of splitter costs.

19 Q. I'm sorry. The question wasn't clear. I
20 apologize. Why didn't you file the original version
21 of this with your prefiled testimony? Not the
22 revised version, the original version.

1 A. Yes. Okay. I believe I referenced in my
2 testimony in a Q and A and that the cost support was
3 filed as -- in support of the tariff filing, and it
4 was just -- I didn't make an intentional decision not
5 to include it for any reason. We included the
6 nonrecurring because it was revised from what had
7 supported the tariff filing, but since the cost study
8 was already before the Commission in the tariff
9 filing, the determination was made that there was no
10 need to submit it, as I understand it, and in terms
11 of filing procedure.

12 Q. Okay. I need to understand what exactly
13 it is that you're asking Rhythms to shoot at, if you
14 will. Do you think it's -- I'm not asking for a
15 lawyer's opinion here. I'm asking for your lay
16 opinion as a costing expert. What cost studies,
17 besides this one, that are outside this record are
18 you relying on to support your recommendation here,
19 if any? Where else do I need to look beyond what I
20 thought the record was in this case to know what to
21 cross you on?

22 A. I think these two exhibits are the costs

1 that I'm sponsoring.

2 Q. Okay. That's it. Nothing additional.

3 A. I haven't -- I don't believe I've
4 testified to any additional costs in my testimony.

5 Q. Okay, but I want you to sit here today,
6 and now that you're up on the stand, you're under
7 oath, I want you to think just very carefully with
8 me, is there anything else that you're relying on
9 that you haven't supplied so far? Outside this
10 record I mean.

11 A. I think that the costs that were developed
12 in the TELRIC proceeding before this Commission were
13 relied upon by the pricing witness for the shared and
14 common markup for the proposed rates in this docket,
15 but outside of that, I don't recall any other costs.
16 I'm here specifically to support the cost studies
17 that developed the recurring and nonrecurring rate
18 elements associated with the high frequency portion
19 of the loop.

20 Q. Okay.

21 Now let's focus just for a second on
22 Ameritech Exhibit 4.1, your revised nonrecurring cost

1 study.

2 A. Okay.

3 Q. Isn't that actually the second revision to
4 that study?

5 A. Yes. I believe, as I stated a moment ago,
6 the first revision was attached to my direct
7 testimony, which was a revision to the cost study
8 that supported the tariff filing, and then this
9 revision was filed to, again, further modify the
10 nonrecurring cost development.

11 Q. Okay.

12 MR. BOWEN: Can I approach the witness, Your
13 Honor, with an exhibit?

14 EXAMINER WOODS: Ask the witness.

15 MR. BOWEN: Okay with you, Mr. Smallwood?

16 THE WITNESS: Yes.

17 EXAMINER WOODS: Okay with me then.

18 MR. BOWEN: Your Honor, what is your preference
19 with regard to marking cross exhibits?

20 EXAMINER WOODS: This will be marked as Rhythms
21 Cross Smallwood 1.

22 (Whereupon Rhythms Cross

1 Smallwood Exhibit 1 was
2 marked for identification.)

3 MR. BOWEN: Okay.

4 Q. Do you have that, Mr. Smallwood?

5 A. Yes, I do.

6 Q. Okay. Now do you see the cover sheet
7 there with a Rhythms Data Request No. 3 that asks
8 Ameritech to provide a complete copy of the cost
9 study, with all associated workpapers and backup and
10 so forth, that Ameritech intends to rely on to
11 support any proposed nonrecurring charge for the
12 tie-cables and cross-connects?

13 A. Yes. That's what the interrogatory
14 reads.

15 Q. Okay. Now I take it you were involved in
16 this response. Is that right?

17 A. Yes.

18 Q. Okay, and the response on the first page
19 says the TELRIC studies and supporting workpapers for
20 Ameritech Illinois are attached. Right?

21 A. That's correct.

22 Q. Now were you the source of the documents

1 we see attached to this cover sheet?

2 A. They would have come through me, yes.

3 Q. Okay. Now just looking at Rhythms Cros s
4 Exhibit Number 1, am I correct that the first portion
5 of that is titled -- after the summary sheet, is
6 titled the same as your Attachment JRS -2, that is
7 Ameritech - Illinois, Unbundled Network Elements
8 Nonrecurring Costs for the line sharing or high
9 frequency portion of the loop?

10 A. The title on the title page does read the
11 same. I think the differences that you would note on
12 the title page would be in the footer in the lower
13 left-hand corner. In this document, this was the
14 original study that supported the tariff filing, and
15 the file name is HFPL NRC 2001 IL.xls.xls. The study
16 that I've attached to my testimony as JRS -2 is
17 HFPL NRC 2001 IL Revised.xls. So that would be the
18 different annotation on the cover page, but in answer
19 to your original question that the title as it reads,
20 the large-size font title is the same, yes.

21 Q. That was a very thorough answer,
22 Mr. Smallwood. I appreciate that.

1 A. You're welcome.

2 Q. All right. I'm really looking more for
3 the substance of the differences.

4 A. Okay.

5 Q. So I appreciate the detail, but I want to
6 try and see, understand, as we talk, what the
7 differences -- substantive differences are.

8 A. Okay.

9 Q. Am I right that there's something more
10 though than your JRS-2 that you find behind the
11 nonrecurring study? That is, you find a second
12 document that has the title, the same title as what
13 you passed out this morning, which is Ameritech
14 Exhibit 4.2, that is the Line Sharing - High
15 Frequency Portion of the Loop, Total Element Long Run
16 Incremental Cost Study. Do you see that attached
17 thereto?

18 A. I'm sorry. I think you lost me in that.

19 Q. Okay. I'll do it again. Right behind
20 what you just talked about, the title page, that is
21 your nonrecurring cost study, there's another
22 document, and you didn't Bate-stamp the pages so I

1 can't tell you what page number it is, but if you
2 just keep turning more than one page, turn a number
3 of pages.

4 A. And we're in JRS-2.

5 Q. No, I'm not in JRS-2.

6 A. Okay.

7 Q. I'm in Rhythms Cross Exhibit 1.

8 A. Okay. I apologize.

9 Q. If you look back in that document, behind
10 the nonrecurring cost study, I think you'll find a
11 second cost study.

12 A. Yes. I'm there. That's correct.

13 Q. All right. And is that an earlier version
14 of what's been admitted as Ameritech Exhibit 4.2
15 today?

16 A. Yes, it is.

17 Q. Okay.

18 All right. Now I think you said in
19 response to an earlier question of mine that you
20 completed what's been marked as 4.1, Ameritech 4.1,
21 did you say two days ago on the nonrecurring study?
22 Or was that the other study, the 4.2 study?

1 A. The 4.2 study would have been completed
2 just a few days ago. 4.1 was completed sometime
3 prior to that. I believe what's been marked as 4.1
4 was submitted as an attachment to a Staff
5 interrogatory response.

6 Q. Okay. Well, let's look at 4.1.

7 A. Okay.

8 Q. I see a date in the upper left-hand corner
9 of 5/31/00. Do you see that?

10 A. Yes.

11 Q. Is that the date it was completed?

12 A. I believe that that date would accurately
13 reflect the date of completion of the study, yes.

14 Q. Do you know, was it under your instruction
15 that you didn't seek to revise your testimony for
16 almost a month or was that not your instruction?
17 Revise meaning substitute this for your JRS-2.

18 A. I didn't instruct anyone not to submit it;
19 I didn't instruct anyone to submit it.

20 Q. But was this like not revealed to your SBC
21 world before a couple of days ago?

22 A. No. I believe that study was e-mailed

1 out. As I've stated, it was filed in response to a
2 Staff interrogatory.

3 Q. Okay. All right. Now with respect to
4 4.2, I thought I heard you say two days ago and then
5 I thought I heard you say several days ago. When
6 exactly was 4.2 completed?

7 A. 6/26 is the date that it was revised.

8 Q. That's on the footer there?

9 A. Yes.

10 Q. Okay.

11 MR. BOWEN: Your Honor, I'm going to ask that
12 you mark as Rhythms Cross Exhibit Number 2 a document
13 I'll describe for the record in a moment.

14 EXAMINER WOODS: Okay. That would be Rhythms
15 Cross Smallwood 2.

16 (Whereupon Rhythms Cross
17 Smallwood Exhibit 2 was
18 marked for identification.)

19 MR. BOWEN: Okay.

20 Q. Now, Mr. Smallwood, do you have the
21 document I just handed to you?

22 A. Yes, I do.

1 Q. And, for the record, that's a two -page
2 document that on its face appears to be Ameritech's
3 response to Covad Data Request No. 26?

4 A. Yes.

5 Q. Okay. And were you involved in the
6 preparation of this document?

7 A. It was prepared under my supervision,
8 yes.

9 Q. Okay. And, for the record, is it fair to
10 say that this document contains estimates of task
11 times in minutes for nonrecurring work activity
12 efforts?

13 A. Yes.

14 Q. Specifically, running jumpers in a central
15 office?

16 A. Yes, the various components of the
17 installation and disconnect of cross -connect
18 jumpers.

19 Q. Okay. I'm going to want to talk about all
20 these documents with you, but, first of all, I want
21 to make sure that we're on the same page in terms of
22 terminology.

1 A. Okay.

2 Q. I want to talk about and have you define
3 for me three different terms.

4 A. Okay.

5 Q. Tie-cables.

6 A. Okay.

7 Q. Jumpers and cross-connects.

8 A. I think that would be a great idea.

9 Q. Okay. When you use those terms -- well,
10 let me just describe some pieces of wire, and you
11 tell me which of those words applies to those
12 descriptions. Okay? As you use the term in your
13 cost studies.

14 A. Is this matching or multiple choice? Just
15 kidding. That's fine.

16 Q. This is your 25-point toss-up question.
17 Okay?

18 A. Okay.

19 Q. The wire that goes from the vertical side
20 of the MDF to the horizontal side of the MDF is
21 called a?

22 A. I would call that a cross-connect jumper,

1 to clarify. That is a jumper wire.

2 Q. Okay. The 100 pair cable of which you use
3 one pair running from the MDF or the IDF to the
4 collocation space is called a?

5 A. Tie-cable.

6 Q. Tie-cable. Okay.

7 A. Amusing. Who wants to be a millionaire?

8 MS. HIGHTMAN: Is that your final answer?

9 (Laughter)

10 A. Can I get a lifeline? Sorry, Your Honor.

11 Q. But when you use the term cross-connect,
12 you mean it the same as jumper, right?

13 A. I think that people use the term
14 cross-connect to refer to both a tie-cable and a
15 jumper. I prefer to use cross-connect jumper and
16 cross-connect tie-cable. As they've been defined by
17 our product management, they're both part of a cross-
18 connect rate element. The tie-cable is a recurring
19 piece of that rate element, and the jumper work is
20 the nonrecurring piece, and so there's some confusion
21 with it, I like to differentiate by saying it's the
22 cross-connect jumper or the cross-connect tie-cable,

1 but if you would prefer, you know, for this purpose
2 to use a different terminology, that's fine.

3 Q. Well, but you agree that we are talking
4 about two different pieces of wire.

5 A. Oh, absolutely, yes.

6 Q. Okay. The jumper is on the MDF or in the
7 IDF, and the tie-cable goes between two frames
8 basically.

9 A. That's correct.

10 Q. Would it be okay if we used just the terms
11 jumpers and tie-cables?

12 A. That would be great too, yes.

13 Q. Okay. All right.

14 Now if you pick up with me Ameritech
15 Exhibit 4.1, this is your second revised nonrecurring
16 work effort?

17 A. Yes.

18 Q. Am I correct that it's not just a
19 revision; that you've added some more stuff on to the
20 back of what you had prefilled?

21 A. We've added some more supporting
22 documentation.

1 Q. Okay. So if you look back with me --
2 again, I apologize, the pages aren't numbered, but if
3 you look back with me just past the Plant Labor Rates
4 page, you'll see a Tab 8.2.0.

5 A. Okay.

6 Q. Okay. Now am I correct that, starting
7 there, this is all new material in terms of your
8 affirmative showing in this case?

9 A. Yes. This was supporting documentation
10 that I wanted added; I wanted to get added to the
11 study for the intervenors to have and for the record,
12 for the Commission to have for the record to support
13 the times.

14 Q. Okay. Now if you'll look at Tab 8.2.0 and
15 compare it with Rhythms Cross Exhibit Smallwood 2 in
16 terms of -- and the numbers are different, but in
17 terms of what's being captured, are we talking about
18 the same work efforts and descriptions and so forth?

19 A. Yes.

20 Q. So is it fair to say that what you've
21 added here to the back of 4.1 is an update to what we
22 see on your original data response to Covad 26 which

1 has been marked and admitted as Smallwood 2? Right?

2 A. Specifically 8.2.0 and -- I think that
3 8.2.0 and 8.2.1 reflect the essence of what was
4 provided in response to Data Request 26. The
5 difference would be that Data Request 26, the
6 activities don't reflect a difference in splitter
7 ownership, and 8.2.1 is a document that reflects the
8 tasks associated with cross-connect work for a CLEC-
9 provided splitter, and 8.2.0 reflects the work
10 activities associated with an ILEC-provided splitter,
11 and there's a different -- one different work step in
12 there.

13 Q. And that one different work step, am I
14 correct, is when you have an ILEC-provided splitter
15 you have one more jumper to run than when you have a
16 CLEC splitter?

17 A. That's correct.

18 Q. You have five new jumpers in your
19 estimation instead of four.

20 A. Four with a CLEC-provided, five with an
21 ILEC-provided.

22 Q. Okay. And you had on cross -- on

1 Smallwood Cross Exhibit Number 2 you had six
2 jumpers. Right?

3 A. Yes.

4 Q. With no differentiation between ILEC and
5 CLEC-owned splitters.

6 A. That's correct.

7 Q. All right.

8 Okay. Now focusing on the nonrecurring
9 cost study, is this pretty much it or will tomorrow
10 bring another revision forward of the study?

11 A. To the best of my knowledge, this is it.

12 Q. Okay.

13 A. If, in the event, there were any future
14 design changes by SBC network, the SBC network
15 organization, then the cost group would reflect what
16 is accurate. It's my understanding that these are
17 final designs. As you know, we've been working
18 through this process of establishing, you know, line
19 sharing procedures, the weekly meetings with the
20 CLECs, and these changes reflect knowledge that I
21 think is conclusive of where we're going in the
22 future.

1 Q. Well, just so the record is clear, these
2 changes also reflect someone in Ameritech Illinois or
3 someone in SBC's judgment about appropriate changes
4 to make independent of CLEC input. Isn't that
5 right?

6 A. Well, that would be correct. I mean SBC's
7 network organization gives the inputs that they think
8 are relevant to the cost studies.

9 Q. Okay. Now what was the occasion for the
10 change from Smallwood 1 to JRS-2? That is, did you
11 go back and say I don't think I have the right
12 numbers; give me different inputs? Did you rerun the
13 study? What was the trigger for what became JRS-2?

14 A. Just so we make sure which iteration, what
15 was the trigger for what became JRS-2, which was
16 attached to my testimony?

17 Q. Correct.

18 A. From what was filed in support of the
19 tariff. Is that the progression?

20 Q. Well, what has been marked as Smallwood
21 1. This is the data response.

22 A. Oh, okay. Right. The trigger for that

1 initial change was my conversations with SWBT network
2 personnel preceding the Texas interim line sharing
3 proceeding, and during those conversations we were
4 talking about network design and the procedures used
5 to establish a line sharing arrangement, and I noted
6 pretty quickly in that conversation that we had a
7 discrepancy in our cost study and in exploring that
8 discovered that there was a design change in terms of
9 the test access. We had initially, when we started
10 cost study development, were anticipating a design
11 that was going to have external test access, and
12 there would be jumpering to that test access, and I
13 discovered through my conversations with network that
14 we were, in fact, going to be using line cards in the
15 splitter that had test access points, thereby
16 reducing the jumpers, and so there was simply -- in
17 terms of the nonrecurring design of the work
18 activities, I noted this discrepancy and wanted to
19 make sure that that was reflected in the cost
20 studies, so we modified them.

21 Q. Now you and I chatted in Texas. Do you
22 recall that?

1 A. Yes.

2 Q. Okay.

3 A. I recall.

4 Q. And did you -- is what is on JRS-2, was
5 that your Texas filing or something different than
6 that? If you recall.

7 A. On Rhythms Cross Smallwood 2 or JRS-2?

8 Q. JRS-2.

9 A. JRS-2 -- let me just verify -- would
10 reflect what was filed in the proceeding in Texas.

11 Q. Okay.

12 A. That would have been the revision that we
13 filed as soon as I discovered that when I was down in
14 Austin.

15 Q. Okay.

16 A. Would reflect the same design.

17 Q. Okay. And then Rhythms Cross Exhibit
18 Smallwood 1 is post-Texas then, right?

19 A. Rhythms Cross Smallwood 1, the data
20 request -- the date of the filing of the data request
21 item I don't recall. So when Rhythms Cross Smallwood
22 1 was actually filed in this proceeding relative to

1 the Texas proceeding, I don't know the answer to
2 that.

3 Q. Well, doesn't that carry a date of April
4 18, 2000 in the top right-hand corner of the pages?

5 A. The study carries a date of April 18,
6 2000, yes.

7 Q. Okay. And isn't it correct that you were
8 cross-examined after that date in Texas?

9 A. That's correct.

10 Q. Okay. But you didn't use the April 18th
11 version in Texas. Right?

12 A. The design that's in the April 18th filing
13 is what was initially filed in Texas, and, again,
14 prior to the start of that proceeding, immediately,
15 almost prior to the start of that proceeding, a day
16 ahead, is when we discovered that there was a design
17 error in preparing for that proceeding, and during
18 the proceeding we filed a revised nonrecurring cost
19 results page that reflected the design change to
20 differentiate between CLEC-owned splitter and
21 ILEC-owned splitter and the testing.

22 Q. Okay.

1 I'm going to try and avoid putting numbers
2 on the open record that the company deems to be
3 proprietary, so if you can cooperate with me on that
4 front, I think everybody would appreciate that.

5 A. Okay.

6 Q. And if it becomes too difficult, we'll go
7 on the sealed record and refer to actual numbers, but
8 am I correct in JRS-2 you broke apart the cross-
9 connection -- conceptually broke apart the
10 cross-connect cost into ILEC-owned splitter and
11 ILEC-owned splitter configurations from the original
12 attempt at the nonrecurring work effort?

13 A. That's correct.

14 Q. And you're maintaining that same
15 ILEC-owned splitter/CLEC-owned splitter dichotomy in
16 the revised filing filed today. Right?

17 A. That is correct, yes.

18 Q. Now could you pick up JRS-2 with me,
19 please? I think I understand the point you made
20 about changing your assumptions about the test
21 access. I'd like to explore with you some of the
22 other changes that I see between the original

1 nonrecurring study and JRS-2.

2 A. Okay.

3 Q. So if you could pick up tab -- actually
4 it's page 9 of 31 of Schedule JRS-2, also known as
5 Tab 6.1.1.1.

6 A. Okay. I'm there.

7 Q. As I was comparing those, that with the
8 earlier study, I saw a change in Column B, which is
9 titled Admin Time in hours. Is that correct?

10 A. I would have to look at the earlier study
11 to verify that.

12 Q. Okay.

13 (Brief pause in the proceedings.)

14 A. Yes. There was a change, and that change
15 was simply the result of an input error in the
16 spreadsheet.

17 Q. What does that mean?

18 A. As I recall, looking at the spreadsheet,
19 they just simply put in the wrong number.

20 Q. Okay. Now, again, you have much more --
21 not much more. You have more desegregation in JRS-2
22 between ILEC-owned splitter and CLEC-owned splitter

1 than you do in the analogous page on Smallwood 1, but
2 can you point me to a page, the analogous page, with
3 less detail on Rhythms Cross Exhibit Smallwood 1?
4 Would that be Tab 6.1.0?

5 A. Okay. Rhythms Cross Exhibit 1, and you're
6 looking -- could you say that again? I'm sorry.
7 You're looking for what?

8 Q. I'm wondering if Tab 6.1.0 is analogous to
9 the series of pages where you've now broken out ILEC
10 versus CLEC-owned splitter for this detail.

11 A. Specifically, 6.1.0 shows the costs for
12 cross-connect service initial circuit installation,
13 so this is the installation part of the costs. The
14 analogous pages in -- which would you like? Out of
15 JRS-2? Is that what you're asking?

16 Q. Yes, please.

17 A. So that would have been split then into
18 6.1.1, which is the initial circuit installation for
19 an ILEC-owned splitter with an IDF.

20 If you go to 6.1.1.2, there is the initial
21 circuit installation of a CLEC-owned splitter with an
22 IDF.

1 Q. All right.

2 A. Okay? 6.1.1.3 would be the initial
3 circuit installation of an ILEC-owned splitter
4 without an IDF, and then 6.1.1.4 would be the initial
5 circuit installation of a CLEC-owned splitter without
6 an IDF.

7 Q. Okay.

8 A. So there would have been, yes,
9 substantially more detail in JRS-2. As we broke that
10 out, then there becomes different scenarios, and we
11 have to have workpapers to support each of those.

12 Q. Right. That's what I thought was the
13 case. I wanted you to confirm that.

14 A. Okay.

15 Q. Now, keep your fingers on all those pages,
16 please.

17 MR. BINNIG: Can we get him some more hands,
18 Steve?

19 MR. BOWEN: No. It works for me. Look. You do
20 like this, see?

21 Q. I want you to track with me the Column B
22 number, and I'll suggest to you and ask you to agree

1 that in JRS-2 the Column B number is the same in all
2 four break-out scenarios; that is, the Admin Time in
3 hours is the same numerical value.

4 A. I certainly believe that to be the case.

5 Q. Okay. And this is the one that you said
6 was just an input entry error? This value that we're
7 talking about here?

8 A. Yes.

9 Q. Okay.

10 A. I can clarify for you, I think, if you'd
11 like to see the error.

12 MR. BOWEN: Let me -- if I could just go off the
13 record a moment.

14 EXAMINER WOODS: All right.

15 (Whereupon at this point in
16 the proceedings an
17 off-the-record discussion
18 transpired.)

19 EXAMINER WOODS: Back on the record.

20 MR. BOWEN: Okay.

21 Q. Off the record we had a discussion about
22 going on to the closed record, the in camera

1 portion. I'm going to switch gears, Mr. Smallwood,
2 and ask you questions that don't bear so directly on
3 the cost studies, you know, the dollar numbers and
4 the work times and so forth, and then come back at
5 the end and discuss on the closed record the path we
6 had begun to go down there. All right?

7 A. Okay. Very good.

8 Q. All right. Let's focus then on your
9 verified statement, Exhibit 4.0, and I've got to tell
10 you that my numbers are different than yours, so I'll
11 try and refer you to a question and the answer.

12 A. Okay.

13 Q. Okay. Could you pick up your testimony at
14 page 2, and the question I'm looking for is as
15 follows: "Were the cost studies Ameritech is
16 submitting in this proceeding TELRIC based?" Do you
17 see that?

18 A. Yes.

19 Q. And your answer, if I can paraphrase, is
20 that you believe that they are, and you reference
21 average shared and common cost percentages. Do you
22 see that?

1 A. Yes.

2 Q. Okay. Now am I correct that those are two
3 different things under this Commission's approach to
4 forward-looking costing?

5 A. Yes.

6 Q. How would you define a shared cost for
7 costing purposes, Mr. Smallwood?

8 A. A shared cost is defined as a cost that's
9 shared among two or more services or elements but
10 less than the total universe of elements.

11 Q. Okay. And could you define how you use
12 the term common costs in your testimony?

13 A. Common cost is defined as a cost that's
14 common to the firm, not attributable to any element
15 or group of elements, but to the firm as a whole.

16 Q. Does that mean, in effect, that you
17 believe that common costs are those that are shared
18 by all services?

19 A. Essentially, yes.

20 Q. Okay. And are you using -- am I correct,
21 just so I understand which numbers you're using, are
22 you using 22.01 percent for shared?

1 A. That's my recollection. I don't have
2 those numbers in front of me.

3 Q. And 12.54 percent for common? Does that
4 sound right?

5 A. Uh-huh.

6 Q. You have to say yes.

7 A. I'm sorry. Yes.

8 Q. Okay. So you've got a total of 34.55
9 percent in shared and common total. Right?

10 A. Yes.

11 Q. Now what are you seeking to apply that
12 shared and common adder to? What types of costs are
13 you recommending that be applied to?

14 A. That is applied to the cost developed in
15 the HFPL study to take it from a TELRIC cost to a
16 TELRIC price.

17 Q. Well, just if you wouldn't mind listening,
18 does it apply to all your nonrecurring costs?

19 A. Yes, I do believe, and the pricing witness
20 can speak to this, but, yes, our proposed rates take
21 my costs and apply that markup.

22 Q. Okay. And which monthly recurring costs

1 are you adding this shared and common adder to?

2 A. The recurring costs developed in my study
3 are the recurring costs for the splitter, the
4 recurring costs for the tie-cable, and the recurring
5 costs for the OSS modification.

6 Q. And are you -- in your testimony here you
7 say that these shared and common cost percentages are
8 applied to TELRIC costs for HFPL line sharing
9 elements. Are you applying this 34.55 percent
10 percentage to all three of those recurring cost
11 components?

12 A. I believe in Ms. Meyer's testimony, that
13 reflects the proposed rates, you will find that those
14 recurring cost elements are listed, and they have
15 been marked up with that shared and common
16 allocator.

17 Q. Okay. Where is your TELRIC study for the
18 monthly recurring HFPL cost?

19 A. The HFPL recurring study has been -- the
20 revised has been marked as Exhibit 4.2.

21 Q. No, I'm talking about the -- what turns
22 into a monthly recurring loop rate that you're

1 proposing. Where is your TELRIC study for that?

2 A. The monthly recurring for the loop?

3 Q. Yes.

4 A. Those proposed rates are developed based
5 on 50 percent of the approved UNE TELRIC loop rates
6 for the State of Illinois. I have not submitted a
7 cost study for that.

8 Q. You have no TELRIC study at all for the
9 proposed prices, monthly recurring prices for the use
10 of the HFPL, as you term it?

11 A. There was a TELRIC study that established
12 the price of a UNE loop that has been previously
13 before this Commission. That is the basis for the
14 rates that have been proposed by Ameritech Illinois
15 in this proceeding.

16 Q. If I heard you correctly, in the filing
17 you've made here, you haven't got a TELRIC study to
18 support the 50 percent pricing proposal for the
19 monthly recurring price in this filing here.

20 A. We have not filed -- refiled the UNE loop
21 study that was presented and approved by this
22 Commission before, no.

1 Q. All right. Now you do refer in your
2 testimony in a number of spots to TELRIC, don't you?

3 A. Yes, I do.

4 Q. Can you give me your understanding of what
5 that term means as it's used in Illinois?

6 A. TELRIC is total element long run
7 incremental cost. That acronym was defined initially
8 by the FCC in its First Report and Order, and it is
9 the long run incremental cost of the total of an
10 element that is to be provided.

11 Q. Okay.

12 Now the LR, or long run, in TELRIC, does
13 that mean a particular time period or, instead, an
14 undefined period in months or years that really
15 consists of a period that's long enough so that all
16 costs become variable?

17 A. That's the economic definition of long
18 run.

19 Q. The second of those two.

20 A. Yes, the latter.

21 Q. Okay. And what's the implication of all
22 costs being deemed to be variable in terms of how you

1 analyze costs? Does that mean you ignore all the
2 embedded configurations in costs in a TELRIC study?

3 A. Well, I think what the FCC said in
4 paragraph 685 of the First Report and Order is that
5 they're going to look at the most efficient
6 technology given existing network configuration.
7 That's what that paragraph stated. In practice, the
8 way that's applied in our cost studies is we look at
9 a way of providing a service that's technically
10 feasible, and we look at what's commercially
11 available in terms of technology that's used to
12 deploy that, and we use what we consider to be the
13 prices on a forward-going basis, the most current
14 prices, rather than relying on -- vendor prices, for
15 example, for materials or components in the cost
16 study, rather than rely on the embedded base booked
17 cost of what we pay for those materials.

18 Q. Okay. Well, you're way ahead of me in
19 terms of what I'm trying to discuss.

20 A. Okay.

21 Q. What I'm trying to discuss is, isn't it
22 correct that TELRIC, that the FCC's definition of

1 TELRIC and this Commission's as well, in effect
2 assumes away all your network facilities, all your
3 central office switching facilities, and leaves in
4 place only the central office building locations?

5 A. What you're referring to is a scorched
6 node concept.

7 Q. Indeed.

8 A. And that has been generally the basis for
9 TELRIC development.

10 Q. Okay.

11 A. I think, again, subject to the FCC's
12 language in paragraph 685.

13 Q. Okay. But that's your understanding of
14 how this Commission has approached implementing
15 TELRIC. Isn't that right? Scorched node?

16 A. I think that's been the general approach,
17 yes.

18 Q. Okay. So with respect to central offices,
19 the baseline assumption is you don't move the
20 location of that building, but, in effect, all the
21 costs of that building become variable. Right?

22 A. Essentially, yes.

1 Q. Okay. That gives you, as a cost analyst,
2 the freedom then to comply with TELRIC by looking for
3 the most efficient configuration for what you're
4 studying that's currently available. Right?

5 A. That is the goal.

6 Q. And isn't that what's required by TELRIC?
7 That is, that you're suppose to be looking at the
8 most efficient technology currently available for
9 purchase deployed most efficiently?

10 A. Yes.

11 Q. Okay.

12 Now, focus with me, if you will, in your
13 testimony at page 3, beginning with the question what
14 are tie-cables. Do you see that?

15 A. Yes.

16 Q. I want to focus your attention on your
17 testimony where you are talking about intermediate
18 distribution frames versus main distribution frames.
19 Do you see that testimony?

20 A. Yes, I do.

21 Q. And you testify here that IDFs are located
22 in 80 percent of Ameritech Illinois' central offices,

1 and the other 20 percent don't have IDFs. Right?

2 A. Yes.

3 Q. Okay. Now did you do any analysis --
4 strike that.

5 When you say IDFs are located, that strikes
6 me as an analysis that's based on what actually is
7 installed today in your central offices in Illinois.
8 Is that right?

9 A. You could certainly read it that way. I
10 think it's probably -- would be more correctly
11 written to say that on a forward-looking basis, there
12 would be IDFs in 80 percent of the offices and not
13 have IDFs in 20 percent of the offices.

14 Q. Well, but isn't it a fact that you looked
15 at what you actually have in place to reach these 80
16 percent/20 percent numbers?

17 A. That input was a forward-looking input
18 given by Ameritech Illinois network, the Ameritech
19 network organization. In discussions with the cost
20 analysts and the engineers, I don't know that that's
21 an embedded number. That's a forward-looking
22 number.

1 Q. Well, did you ask the people that you used
2 as your experts whether this was a currently existing
3 number or not?

4 A. The network personnel were asked, as they
5 always are when we're doing TELRIC studies, to
6 provide forward-looking inputs for what they believe
7 the network configuration will be on a forward-going
8 basis.

9 Q. Okay. Did you understand my question,
10 Mr. Smallwood?

11 A. I thought so, but maybe not. Maybe you
12 should ask it again.

13 Q. Did you ask your SMEs, if I can use that
14 term, subject matter experts, did you ask your SMEs
15 whether or not 80 percent/20 percent was the actual
16 current split of offices that either had or didn't
17 have IDFs?

18 A. I don't recall having a conversation with
19 a SME on this particular division here.

20 Q. Okay.

21 A. The cost analysts that performed this
22 study made the initial contacts with the SME. I have

1 been in close contact with Mr. Weinart, who is our --
2 Steve Weinart, who is our thirteen-state SME
3 responsible for the development of these numbers, and
4 discussed numbers with him.

5 Q. Okay. Now am I correct that you also
6 cover thirteen states for these kinds of costing
7 purposes?

8 A. Yes, I do.

9 Q. Okay. Am I also correct that other SBC
10 states have differing percentages existing of IDFs in
11 their central offices, different than 80 percent on a
12 state-specific basis?

13 A. What's in place today?

14 Q. Yes.

15 A. I don't -- off the top of my head, I don't
16 know what the percentages are that are in place today
17 in terms of the thirteen-state area. I mean I don't
18 have those numbers off the top of my head.

19 Q. Did you ask anybody for that information?

20 A. I've discussed forward-looking assumptions
21 for a lot of states. I generally don't discuss with
22 the subject matter experts what the embedded base is.

1 Q. So you didn't ask that question. Is that
2 right?

3 A. I've talked about several states with
4 Mr. Weinart. Whether I've asked at one point in time
5 in preparation of this study what is the embedded
6 base in all thirteen states, no.

7 Q. Well, you filed this same kind of
8 testimony in Texas. Right?

9 A. Yes.

10 Q. And where else?

11 A. Texas and Kansas.

12 Q. Okay. And do you recall whether you asked
13 the question or not and Mr. Weinart telling you what
14 the IDF percentages actually were in Texas or
15 Kansas?

16 A. No. Again, these are forward-looking
17 studies, and it's really not my business to discuss
18 what the embedded base is. My job is to go out to
19 the subject matter experts and talk about where we're
20 going to be in the long run, what do we see our
21 network configuration being in the long run.

22 Q. Well, given your agreement that in the

1 long run all costs are deemed to be variable for
2 TELRIC purposes, I guess we'd expect to see that in
3 Texas or Kansas that Mr. Weinart would have told you
4 on a forward-looking basis that 80 percent of the
5 offices in Kansas and 80 percent of the offices in
6 Texas would have IDFs. Wouldn't that be a fair
7 conclusion to draw from your testimony?

8 A. No, I don't think that's necessarily a
9 fair conclusion, and that's not reflective of the
10 forward-looking assumptions that we used in
11 Southwestern Bell territory.

12 Q. Okay. You didn't, in fact, use 80
13 percent, did you, in Texas or Kansas?

14 A. No, we did not.

15 Q. What numbers did you use in Kansas for
16 IDFs?

17 A. 100 percent.

18 Q. 100 percent, and what about in Texas?

19 A. 100 percent.

20 Q. Now is that because they're southern
21 states with different technologies available for
22 sale? Are the offices somehow different in

1 configuration? If you're going to scorch that node
2 and rebuild them, you build them different in Texas
3 than you do in Illinois? Is that what we're hearing
4 here?

5 A. I think that you have to think of it as
6 total element long run incremental cost, and there
7 are differences in the demand, the quantity that
8 would comprise the total element aspect of that. I
9 think that the fact of the matter is, in practice,
10 when we apply TELRIC, I think that when engineers
11 look on a forward-going basis, and I think this is
12 consistent with paragraph 685 out of the FCC's Order,
13 we don't look -- when we look at the existing wire
14 center location, we don't look at tearing down that
15 building and building a new building. We look at,
16 given the existing network configuration, what we're
17 capable of doing in terms of deploying technology to
18 meet demand. We would look at whether or not we
19 would be able to accommodate an expansion of an MDF
20 or whether we would go to an IDF.

21 Q. It sounds like to me that Mr. Weinart was
22 answering the question, starting from this point

1 forward, what percentage of offices in Illinois do
2 you think are going to have IDFs. Does that sound
3 right?

4 A. On a forward-looking basis, what is the
5 appropriate percentage to use for the percentage of
6 offices in Illinois, in Ameritech Illinois territory,
7 that will deploy IDFs or will employ them in their
8 central offices.

9 Q. But you're taking the buildings as they
10 are currently configured to make the estimation,
11 right?

12 A. Paragraph 685 of the FCC Order says that
13 they're going to use the most efficient technology
14 given the existing network configuration, so I think
15 that the answer is yes.

16 Q. I'm just trying to understand whether
17 you're actually scorching the node or not,
18 Mr. Smallwood. Are you taking or, if you know, is
19 Mr. Weinart taking the MDF and IDF as he finds them
20 and saying, okay, on a going-forward basis will they
21 still be there or not, or did you ask him to assume
22 that the office got vaporized and it got rebuilt?

1 A. I don't think that -- I don't think that
2 we assume that an office is vaporized. I think that
3 we look at it and say if we were to reconfigure,
4 rebuild this office, how would we lay it out to
5 accommodate this, and in 80 percent of the cases in
6 Ameritech Illinois the decision was made that by
7 engineering that the way that they would accommodate
8 total element demand would be to put an IDF in that
9 office. Evidently, the engineers in Illinois
10 believed that on a forward-looking basis they will be
11 able to engineer the office in such a way that they
12 would be able to avoid a duplicate frame. I mean you
13 get into stratifying demand by location.

14 Q. Am I correct that you're not an engineer,
15 not a central office engineer, Mr. Smallwood?

16 A. No, I'm not.

17 Q. Okay. Do you have any opinion as to which
18 is the more efficient configuration, with IDF or
19 without?

20 A. Based on my conversations with network
21 personnel, it's my understanding that generally it's
22 believed that they believe it to be more efficient to

1 deploy an IDF because of the way the frames are built
2 and the proximity of those frames to the cable vault
3 that they have to maintain the desirability of
4 managing frame space on the MDF to accommodate switch
5 port terminations and cable pair terminations, and
6 because of utilization issues with -- if you look at
7 equipment that's terminated on the IDF and then tie
8 cabled over to the MDF, you can take equipment that
9 has relatively low utilization, you might have a
10 CLEC's collocation cable that has a three or a five
11 percent utilization on the IDF, but because of the
12 flexibility that tie-cables provide in cross-
13 connecting over, running a tie-cable to the MDF, you
14 can take circuits from individual CLECs and maximize
15 the utilization on the MDF, and I think that's the
16 goal that's been expressed to me by network
17 engineers.

18 Q. Well, you were in Texas during the
19 hearings throughout, were you not?

20 A. Yes, I was.

21 Q. And you recall, I take it then, that GTE
22 in Texas has no IDFs in their central office?

1 A. I don't recall that explicitly.

2 Q. You don't recall that. Well, if that
3 were, in fact, the case in Texas, how would you
4 explain that approach to engineering versus what
5 you're saying your network people are telling you in
6 Illinois or Kansas or Texas?

7 A. I can't speak to GTE's engineering
8 methods. I can only speak to what our engineers do
9 and what they think is appropriate on a forward-going
10 basis. I don't know what GTE's engineering practices
11 are.

12 Q. You testified that because of -- at least
13 I took what your testimony to be was because of
14 demand for UNEs, that would increase the need for
15 IDFs. Is that what you're saying?

16 A. I don't know that it's -- I think it's
17 demand for frame space.

18 Q. Which is a function of what?

19 A. I'm not an engineer. I mean I can
20 speculate on some of the things. It would be demand
21 for UNEs, collocation space, line growth in a
22 particular central office. I'm not sure what all

1 frame planners look at when they design frames and
2 when they make forecasts about frame exhaust.

3 Q. Isn't it correct that SBC has
4 thirteen-state guidelines for central office
5 deployment?

6 A. I would imagine that's true. I think
7 you'd have to ask Ms. Schlackman about that.

8 Q. Okay. Well, can you think of any reason
9 why the right answer would be 100 percent IDF in
10 Kansas and 80 percent in Illinois? If you know.

11 A. I don't know. I mean at an engineering
12 level I don't know the answer to that.

13 MR. BOWEN: Your Honor, I'm not quite sure what
14 time your lunch preference would be, but.

15 EXAMINER WOODS: As soon as she falls over.

16 (Laughter)

17 MS. HIGHTMAN: She's leaning.

18 MR. BOWEN: She's leaning.

19 Q. All right. Now your next question and
20 answer, Mr. Smallwood, deals with the number of
21 tie-cables that you believe should be analyzed for
22 costing purposes. Right?

1 A. Yes.

2 Q. I can't tell from this how many tie -cables
3 you're counting, so I need to ask you that question.

4 A. Sure.

5 Q. And I want you to assume with me as your
6 answer in the case, in part, that there is an IDF in
7 place.

8 A. Right.

9 Q. And assume with me that you're trying to
10 get from the MDF to the CLEC's collocation cage
11 eventually. Okay? You have to say something.

12 A. Yes. Sorry.

13 Q. You're going to have a cable that goes
14 from the MDF to the IDF and then from the IDF to the
15 collo space to carry a signal of some type from the
16 MDF to the collo space. Right?

17 A. Yes, that is correct.

18 Q. Is that one tie-cable or two tie-cables?

19 A. In this cost study we look at only the
20 first tie-cable that you mentioned in your scenario,
21 the tie-cable that would carry the circuit from the
22 MDF to the IDF.

1 Q. Okay. And you talk about two tie-cables.
2 There's one going from MDF to IDF and one coming back
3 from IDF to MDF. Is that right?

4 A. That's right, specifically a tie-cable
5 pair.

6 Q. Exactly; meaning two wires out of 100
7 pairs basically.

8 A. Exactly.

9 Q. Okay. And these are cables that are
10 sheathed with a single sheath around the 100 pairs.
11 Is that right?

12 A. Yes.

13 Q. Okay. Well, what about the -- how do you
14 deal with the tie-cables that go from the IDF to the
15 collo space? How are you counting those?

16 A. That is a part of the collocation
17 arrangement. That's not a part of this rate element
18 that we're presenting here.

19 Q. Oh. Well, if I'm a CLEC and I want to ask
20 myself how many cables does Mr. Smallwood want me to
21 pay for in total to do line sharing, would the answer
22 actually be four and not two?

1 A. I would have to think about it. You have

2 --

3 Q. Or three or some other number?

4 A. I think you would have -- to get from the
5 IDF to your collocation cage and carry your data
6 signal for a customer would take one tie pair that
7 you set up from your collocation cage out to the
8 IDF.

9 Q. Let me just ask you, are you aware of any
10 drawings that we could use in anybody's testimony to
11 refer to to count these tie-cables?

12 A. It's my recollection that there were some
13 diagrams. Yes, I think in Ms. Schlackman's testimony
14 there are some diagrams.

15 Q. Okay. Do you have that with you?

16 A. No, I do not.

17 Q. You think it's in Ms. Schlackman's direct
18 testimony?

19 A. It's my recollection. I'm not positive
20 though.

21 (Whereupon at this point in
22 the proceedings an

1 off-the-record discussion
2 transpired.)

3 Q. Okay. Mr. Smallwood, do you have
4 Attachments 1 and 2 to Ms. Schlackman's direct
5 testimony?

6 A. Yes, I do.

7 Q. Okay. Will those drawings let us kind of
8 count the jumpers here, or count the tie-cables I
9 mean?

10 A. Yeah, I believe that they will.

11 Q. Okay. On that Attachment 1, this is the
12 configuration when Rhythms owns the splitter.
13 Right?

14 A. That's correct.

15 Q. And Attachment 2 is when Ameritech owns
16 the splitter.

17 A. Yes.

18 Q. Okay. Now, what I want to do is walk
19 through with you from a costing standpoint, not
20 technical, that's Ms. Schlackman's job, but from a
21 costing standpoint, what you're assuming you're
22 costing out here. Do you see the MDF on the

1 right-hand side of the page?

2 A. Yes.

3 Q. And to the left of that there's an IDF?

4 A. Yes.

5 Q. And then to the left of that you see a
6 collocation space.

7 A. Yes.

8 Q. Okay. Now, I can see cables, what some
9 might call big, fat cables, running between the IDF
10 and the MDF. Do you see those?

11 A. Yes.

12 Q. Now are you counting two of those in your
13 testimony I just referred you to a few moments ago?

14 A. Yes, that's correct. There's one pair to
15 carry the -- in orienting yourself from the
16 customer's premise, so it comes in on the cable pair
17 which is on the lower right-hand side of this page,
18 is jumpered across the MDF, and then picks up a tie
19 pair to carry what in that orientation would be a
20 combined voice and data signal to the IDF, which is
21 then jumpered across to a block that takes the
22 combined circuit into the splitter. So we would have

1 that tie pair as a part of the recurring cross -
2 connect element in the cost study.

3 In addition, the second cable picks up what
4 is labeled on here as the OE line coming out of the
5 splitter, which is then jumpered across the IDF, and
6 the tie pair that carries that voice circuit then
7 from the IDF to the MDF to be jumpered and terminated
8 to the switch would be the second tie pair that's
9 captured in the cost study.

10 Q. Okay, but in both cases you're talking
11 about the tie pairs that go between the MDF and the
12 IDF.

13 A. That is correct.

14 Q. Okay. Now, what about in this drawing the
15 tie pairs that go from the IDF to the collo? Are you
16 saying that's not part of your analysis?

17 A. That is not a part of the cost study, the
18 HFPL cost study, no.

19 Q. But you've still got to have that to make
20 this work, right?

21 A. Yes.

22 Q. So if Rhythms owns a splitter, you need

1 what? Two more tie-cables, one going from the IDF to
2 the collo carrying both voice and data and one coming
3 back from the collo to the IDF carrying voice only?
4 Is that right?

5 A. Yes.

6 Q. Okay. And we've got to pay for those too,
7 right?

8 A. Those would be a part of the equipment
9 installation costs. When Rhythms installs a
10 splitter, they're going to have to terminate the
11 pairs, so --

12 Q. Do we have to pay Ameritech for those tie
13 pairs, those additional two tie pairs, to make this
14 work?

15 MR. BINNIG: If you know. I think we're getting
16 into some engineering issues that this witness may
17 not know.

18 MR. BOWEN: Well, unless electrons can jump
19 across space, Your Honor, I think the witness can
20 answer the question.

21 A. I think the answer to your question, from
22 my understanding, my limited engineering

1 understanding, is that, yes, you absolutely would
2 have to have the data cable that's labeled on here
3 going from the splitter to your DSLAM, and you would
4 have to have the two tie-cables, two tie pairs going
5 out. If you were using 100 pair cables and you're
6 serving 96 lines, then you would have to have
7 essentially two 100 pair tie-cables, one for voice
8 and one for data.

9 Q. Okay. So from a costing perspective, if
10 you wanted to recognize, in a line share
11 configuration where the CLEC owns the splitter, if
12 you wanted to -- I asked you how many total tie-cable
13 pairs should I look at for costing purposes to enable
14 line sharing when I own the splitter, your answer
15 would be four with an IDF. Right?

16 A. Again, from my perspective and the cost
17 study and the rate design that we've developed costs
18 for, we've developed the recurring costs for the two
19 tie pairs between the frames. Now off the top of my
20 head, I'm not sure exactly what arrangement we have
21 in order -- when you choose to install your own
22 splitter and you have to -- in order -- if you have

1 your splitter in your cage or outside of your cage in
2 a common area, and you install that, the arrangements
3 that you have with Ameritech Illinois to terminate
4 those cables on the blocks on the IDF and for those
5 cables to be ran, I'm assuming that at some point
6 Rhythms is paying for that cost. It's a cost that
7 they would incur in order to provision their
8 service.

9 Q. I don't want you to assume what Rhythms
10 actually is doing. I'd like you to tell me from a
11 cost analyst perspective what number of relevant
12 tie-cables in total you'd want to cost out. If
13 you're going to cost out all the tie-cables needed to
14 provide line sharing in a Rhythms-owned splitter
15 configuration, would it be four in your analysis
16 here?

17 A. Again, I think -- when we do a costing
18 analysis, we do it based on a rate design that is
19 developed by product management and marketing. We're
20 going to offer certain -- we're going to offer
21 certain unbundled network elements. For example, the
22 loop, we design that unbundled network element to

1 include certain components. If, you know, in
2 response to UNE remand, there will be new elements
3 defined, and we will cost out the elements as they're
4 defined.

5 In this case, the elements that we've
6 defined to make available to the CLEC is the
7 recurring cost for the cross -- the tie-cable, the
8 cross-connect tie-cable, to go from the IDF to the
9 MDF. The costs are not a part of this rate element
10 for the tie-cables that hook the splitter either to
11 the IDF or back to the CLEC's DSLAM.

12 Q. I understand what your testimony is,
13 Mr. Smallwood. I'm asking you to state, from a cost
14 analyst standpoint, if somebody asked you, not your
15 product marketing people, but if the Commission asked
16 you I'd like you to tell me how many tie-cable pairs
17 in the configuration depicted on Attachment 1 you'd
18 need to cost out to capture all the tie-cables needed
19 to provide line sharing in a CLEC-owned splitter
20 environment, what would your answer be? Four?

21 A. Well, if you look at the Attachment 2 --

22 Q. I'm on Attachment 1, Mr. Smallwood.

1 A. Okay. I'm trying to answer your question,
2 Mr. Bowen. It's simply a fact of the way the costs
3 are treated. When we install equipment, when we
4 install a splitter, we take the costs of installing a
5 splitter with the miscellaneous materials, which
6 would be the tie-cables to complete the installation,
7 and those costs are capitalized and made a part of a
8 splitter investment. When we add a cable augment to
9 the IDF and MDF to carry circuits from there, that's
10 a recurring, monthly rate.

11 From my perspective as a cost analyst, the
12 treatment of the tie-cables that terminate the
13 traffic to and from the splitter and the tie-cables
14 that carry traffic between the frames, it's two
15 different costing approaches that we use.

16 Q. Now, Mr. Smallwood, you know I'm a very
17 patient and persistent man, don't you?

18 A. I'm sure that you are, Mr. Bowen.

19 Q. Okay. I'd like you to answer the question
20 I've asked you. I want you to assume the Commission
21 is asking you as a cost analyst to tell it, in the
22 configuration on Attachment 1, not Attachment 2, but

1 on Attachment 1, how many tie-cable pairs are needed
2 to enable line sharing in a CLEC-owned splitter
3 configuration.

4 A. Okay.

5 Q. In total.

6 A. My answer to your question would be that
7 in the case where a splitter is installed, the
8 analysis and the approach and analysis that I take as
9 a cost analyst is to capitalize the miscellaneous
10 materials that go into an equipment installation. If
11 you're asking me what the arrangement is that
12 Ameritech has with Covad or Rhythms --

13 Q. No, no. I'm sorry. This is a very easy
14 question. How many tie-cable pairs are needed? Not
15 whether you capitalize them or expense them or
16 anything else. How many pairs would you analyze?

17 A. I've already said that. You have to have
18 --

19 Q. Is it four?

20 A. No, it's five. The CLEC would have to
21 have a tie-cable to carry its data back to its DSLAM
22 too. There are three tie-cables that carry traffic

1 to and from the splitter. There's a combined voice
2 and data cable, there's a voice cable, and there's a
3 data cable.

4 Q. There are five tie-cables needed in total
5 when Rhythms owns the splitter?

6 A. Ultimately, yes.

7 Q. And where is the fifth one?

8 A. On Attachment 1?

9 Q. On Attachment 1, which part of the drawing
10 is the fifth tie-cable?

11 A. The cable on the left-hand side of the
12 CLEC POT splitter that is connected to the CLEC
13 DSLAM.

14 Q. Oh, this is the one you're talking about
15 that the CLEC owns and provides, or is this one that
16 Ameritech provides?

17 MR. BINNIG: I guess I'll object to a lack of
18 foundation. If he knows. He's a costing witness.
19 He's not an engineer.

20 MR. BOWEN: He just said there were five. I
21 want to know what five they are.

22 MR. BINNIG: You're asking him who provides

1 them. That's an engineering question. That's not a
2 costing question.

3 MR. BOWEN: I'm trying to understand. I'll
4 rephrase the question, Your Honor.

5 Q. Am I right that for the two tie-cables
6 that you're willing to agree that you are costing out
7 here, those are provided by Ameritech. Is that
8 right?

9 A. The tie-cables between the IDF and the MDF
10 --

11 Q. Right.

12 A. -- are tie-cables provided by Ameritech
13 and are captured in the cost study that I've
14 presented here.

15 Q. Okay. What about the two tie-cables
16 between the IDF and the CLEC-owned splitter? Are
17 those provided by Ameritech?

18 A. I think I said sometime ago that -- a few
19 times, I don't know the arrangement that Rhythms or
20 Covad has when they install a splitter, how those
21 cables are installed, who provides the labor to
22 install them and terminate them at the IDF, and how

1 that cost recovery is made. That's not a part of the
2 cost study that I've developed, and, frankly, I'm not
3 aware of how those costs are recovered.

4 Q. All right.

5 A. Ms. Schlakman may be able to speak to the
6 arrangements that you have negotiated or your client
7 has negotiated in order to terminate those
8 tie-cables.

9 Q. Okay. Now I want you to vaporize the
10 IDF. Okay? You're in the 20 percent of offices
11 where you don't have one of those things.

12 A. Okay.

13 Q. How many tie-cables do I need in an
14 Attachment 1 CLEC-owned splitter scenario?

15 A. If there is no IDF, then the tie-cables
16 that I captured in my cost study that connect between
17 the frames are no longer present, so the only
18 tie-cables that are necessary are the three
19 tie-cables that would carry, again, to and from the
20 POT splitter, depending on your orientation, the
21 combined voice and data circuit, the voice circuit,
22 and the data circuit, or circuits, however you want

1 to think of it.

2 Q. Well, from a costing perspective, are you
3 recognizing any number of tie-cable pairs when
4 there's no IDF involved?

5 A. No. If you look at the development of the
6 cost study, there's a weighted average in there, so
7 the tie-cable costs are not applicable in that
8 scenario.

9 Q. Because they are already recognized
10 somewhere else in the collocation arrangement already
11 existing between the CLEC and Ameritech. Is that
12 right?

13 A. Right. Again, the rate element that we
14 have developed costs for is defined to be the tie --
15 the recurring rate element for cross-connect is
16 defined to be the tie-cables between the IDF and the
17 MDF, and so if you look at the cost development and
18 the workpapers, you will see that we've developed the
19 investment for those, and we've weighted that
20 investment to appear 80 percent of the time and not
21 be a part of the cost development 20 percent of the
22 time.

1 Q. I saw that.

2 Is there anything different about the
3 cables that you're studying between the MDF and the
4 IDF and those between the IDF and the collo space?

5 A. Technically, I don't know. I mean they're
6 tie-cables. Ms. Schlackman might be able to speak to
7 the -- if there are any technical differences.

8 Q. Well, you've done or at least seen
9 cross-connect or tie-cable analysis independent of
10 line sharing, haven't you, Mr. Smallwood?

11 A. Yes.

12 Q. On behalf of SWBT. I'm sorry; on behalf
13 of SBC states. Isn't that right?

14 A. Yes.

15 Q. Okay.

16 A. You're asking me the difference -- as I
17 understood your question, you were asking me if there
18 was any difference between the tie-cables that run
19 between the IDF and the MDF and the tie-cables that
20 are used to terminate the splitter, and I've never
21 been -- I mean I've never participated in installing
22 equipment and that sort of thing. Engineers give us

1 the type of cabling that we use. My understanding of
2 cross-connect tie-cabling is limited between the
3 distinction of shielded cable and non-shielded
4 cable.

5 Q. And besides that distinction as far as
6 you're concerned, a tie-cable is a tie-cable.
7 Right?

8 A. I don't know that. Again, you'd have to
9 ask Ms. Schlackman from an engineering perspective if
10 there are differences in the cabling.

11 Q. Haven't you studied the costs of
12 tie-cables prior to line sharing?

13 A. We've studied -- the cross-connect studies
14 that I've participated in and testified to in other
15 proceedings, they were tie-cables that ran between
16 the MDF and the IDF. You're asking me is there a
17 difference in the cabling that is used to -- between
18 that and what's used to install a piece of equipment,
19 and I'm telling you that I don't know that.

20 Q. I want you to take yourself back prior to
21 line sharing, Mr. Smallwood. Have you never been
22 involved in a cost study that looks at the cost of

1 tie-cables running from a collocation cage to the MDF
2 directly?

3 A. In the SBC -- specifically in the SWBT
4 states, the collocation studies are the cost studies
5 that capture the cabling costs when a CLEC
6 establishes a collocation arrangement. The
7 collocation study captures the costs of the
8 tie-cables that connect from the CLEC's collocation
9 space to a frame, and I'm not a collocation witness.
10 There's a --

11 Q. But that wasn't my question,
12 Mr. Smallwood. I said have you ever been involved or
13 been aware of a cost study looking at the cost of
14 tie-cables from the collocation space to the MDF? It
15 doesn't involve an IDF at all.

16 A. I don't recall being involved in
17 collocation cost studies, if that's what you're
18 asking.

19 Q. Is that a no basically? You don't --
20 you've never seen a cost study from SBC that looks at
21 the cost of tie-cables between a collo space and the
22 MDF?

